

**DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM
STATE OF MISSISSIPPI**

**ANNUAL REPORT
FOR
FEDERAL FISCAL YEAR 2007
(10/01/06 through 09/30/07)**



Prepared for U.S. Environmental Protection Agency, Region IV

by

Mississippi State Department of Health
TO PROMOTE AND PROTECT THE HEALTH OF ALL MISSISSIPPIANS



and the

Local Governments and Rural Water Systems

Improvements Board

P.O. Box 1700, Suite U-234

Jackson, Mississippi 39215-1700

Table of Contents

I.	INTRODUCTION	1 -
II.	GOALS AND ACCOMPLISHMENTS.....	1 -
	A. BASIC PROGRAM GOALS	1 -
	B. LONG-TERM GOALS.....	3 -
	C. SHORT-TERM GOALS	3 -
III.	DWSIRLF LOAN AND SET-ASIDE ACTIVITIES.....	5 -
	A. SOURCES OF DWSIRLF FUNDING	5 -
	<i>i. Capitalization Grant</i>	<i>6 -</i>
	<i>ii. State Match</i>	<i>6 -</i>
	<i>iii. Interest Earnings.....</i>	<i>6 -</i>
	<i>iv. Repayments</i>	<i>6 -</i>
	<i>v. Administrative Fees Received and Disbursed.....</i>	<i>6 -</i>
	B. USES OF DWSIRLF FUNDS.....	6 -
	<i>i. Loan Assistance Status.....</i>	<i>8 -</i>
	<i>ii. Set-Aside Activity Status.....</i>	<i>11 -</i>
IV.	FINANCIAL SUMMARY	14 -
	A. LOAN COMPLETION STATUS.....	14 -
	B. LOAN DISBURSEMENTS/CASH DRAW PROPORTIONALITY.....	15 -
	C. ADMINISTRATIVE DISBURSEMENTS	15 -
	D. ANNUAL REPAYMENTS.....	15 -
	E. INVESTMENTS	15 -
	F. AUDITS/FINANCIAL STATEMENTS	15 -
V.	PROGRAM CHANGES	15 -
	A. COMPARISON WITH THE INTENDED USE PLAN	15 -
	B. MODIFICATION OF GOALS AND OBJECTIVES	15 -
	C. MODIFICATIONS OF THE PROGRAM	16 -
	D. LONG AND SHORT-TERM GOALS FOR FUTURE IUP's	16 -
VI.	COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS	16 -

TABLES

TABLE 1: SOURCES OF DWSIRLF FUNDS.....	- 7 -
TABLE 2: ACTUAL USES OF DWSIRLF FUNDING	- 8 -
TABLE 3: FY 2007 BINDING COMMITMENTS	- 9 -

EXHIBITS

EXHIBIT 1 PROJECTS RECEIVING DWSIRLF FINANCIAL ASSISTANCE IN FY-2006.....	- 23 -
EXHIBIT 2 FY-2007 BINDING COMMITMENTS BY QUARTER	- 25 -
EXHIBIT 3 SOURCE OF DWSIRLF FUNDS BY QUARTER DURING FY-2007.....	- 26 -
EXHIBIT 4 BINDING COMMITMENTS BY SCHEDULED PAYMENT FROM ACH	- 27 -
EXHIBIT 5 FEDERAL & STATE DISBURSEMENTS	- 28 -
EXHIBIT 6 PAYMENT SCHEDULE	- 29 -
EXHIBIT 7 DWSIRLF PROJECT FINANCIAL REPORT	- 30 -
EXHIBIT 8 COMPARISON OF ACTUAL AND PROJECTED DISBURSEMENTS	- 41 -
EXHIBIT 9 REPORT OF ANNUAL LOAN REPAYMENTS	- 42 -
EXHIBIT 10 COMPLETED PROJECTS	- 43 -
EXHIBIT 11 STATE OF MISSISSIPPI DWSIRLF CASH FLOWS	- 46 -
EXHIBIT 12 DWSIRLF LOAN PAYMENTS DISBURSEMENT RECORD	- 51 -
EXHIBIT 13 FUNDING USES FOR THE DWSRF IN MILLIONS	- 52 -

ATTACHMENTS

ATTACHMENT 1 ANNUAL AUDIT REPORT	- 55 -
---	---------------

I. Introduction

The State of Mississippi is pleased to submit the Annual Report on the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) for the Fiscal Year 2007. The report outlines the operation of the DWSIRLF during the time period from October 1, 2006, through September 30, 2008.

This report outlines the accomplishments of the DWSIRLF as related to the goals and objectives set forth in the FY 2007 Intended Use Plan (IUP). Provided herein are details regarding the short-term and long-term goals of the program, funding sources, financial stability, and compliance with federal Drinking Water State Revolving Fund requirements.

II. Goals and Accomplishments

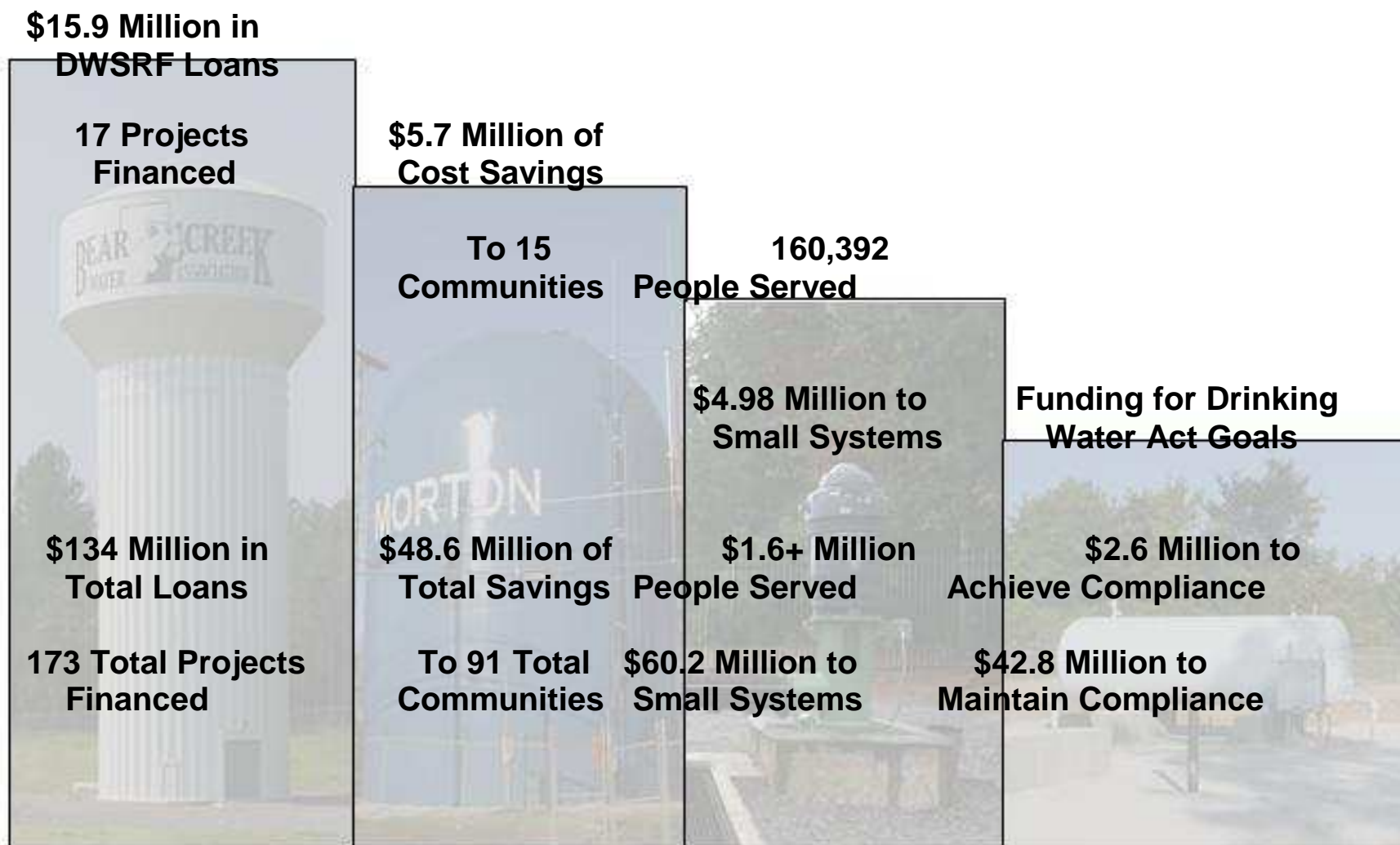
In the FY 2007 IUP, the State of Mississippi set forth several goals, including both long-term and short-term goals. Some of the long-term goals are considered basic, unchanging goals due to their necessity, and are detailed separately below.

A. Basic Program Goals

- 1. Maintaining a financially sound DWSIRLF in perpetuity.*
- 2. Meeting a portion of the drinking water needs in the State within a reasonable period of time.*
- 3. Funding projects in order of public health importance.*
- 4. Determination of an interest rate and loan repayment term which will generate sufficient fund income to meet the State's needs within a reasonable period of time*

Progress Toward Basic Goals 1, 2, & 3: The State of Mississippi again met these goals by continuing to operate the program with the same basic approach as has proven successful in previous years. Interest rates were reviewed and adjusted as necessary to assure both the competitiveness and long-term financial stability of the fund. Standard financial reports were produced, reviewed for accuracy, and reconciled on a monthly basis. During preparation of the annual IUP, a determination was made that adequate and timely funds would be available from the federal payment schedule, state match, scheduled repayments, and projected interest earnings for all projects on the fundable portion of the priority list. Each community's financial capability summary and user charge system were reviewed and approved prior to loan award (to insure that adequate funds are collected to repay the loan and operate/maintain the project, and to insure that the community can afford the project). The pro-active public information program was continued to assure public awareness of the DWSIRLF. The Priority System, which was utilized to assure the most urgent needs were met first, was designed to give priority to projects that: (1) address the most serious risks to public health, (2) are necessary to bring existing drinking water facilities into compliance with national primary drinking water standards, and (3) assist systems most in need on a per household affordability basis. The Priority System may be updated each year as needed to account for needs that have been

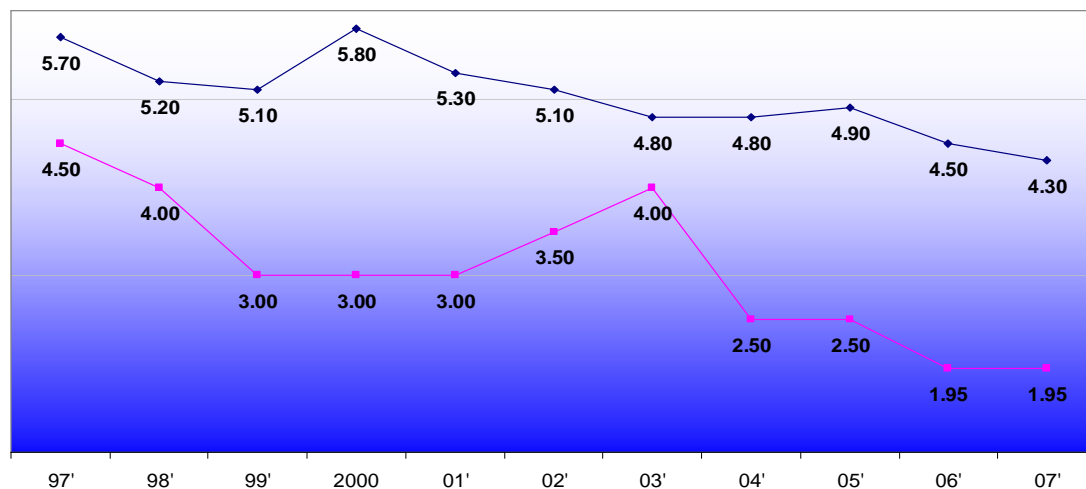
Mississippi Drinking Water Project Financing in 2007 to Protect the Public Health \$31,489,374 in Available Funds



met and for new public health concerns. During FY-2007 all projects ready to proceed were funded.

The interest rate for all FY 2007 loans was 1.95%. This reduction appears to have stimulated demand which apparently was carried into the FY-2008 IUP. The low interest rate combined with the removal of the statutorily set loan limit has stimulated demand for loan funds to the point where funds maybe limited during FY-2008.

Figure 1: Market Rates vs. Mississippi DWSIRLF Rates



B. Long-Term Goals

1. Streamline Program Requirements/Procedures

Progress Toward Long-Term Goal #1: As previously outlined in the IUP, the accelerated transition of program management from the Mississippi Department of Environmental Quality (MDEQ) to MSDH is nearing completion. Once the transition is fully completed, MSDH will systematically evaluate the existing program requirements and procedures from streamlining purposes. To date very little has been accomplished towards this goal due the transition fully underway. When the current contract with the MDEQ expires July 1, 2008, this goal will be able to be put back on track towards completion.

C. Short-Term Goals

1. Complete the transition of DWSRF Program Administration from MDEQ to MSDH.

Progress Toward Short-Term Goal #1: As outlined in the 2006 Annual Report, it was determined that a transition of the complete program from Mississippi Department of Environmental Quality (MDEQ) to MSDH would be accomplished in two phases. That transition was accelerated due to additional MDEQ workload associated with the Mississippi Gulf Coast Region Utility Act and related Block Grant Program. The first phase included transition of all administrative/program management activities. That phase was completed in the spring of 2006. All major administrative/program management components are now performed by MSDH. The second phase includes

transition of all project management activities. With the exception of projects that are in the last stages of closeout, this phase is complete. This second phase of the transition included all remaining duties/tasks associated with the operation of the DWSIRLF program. Technical reviews of various DWSIRLF-related items, which were previously performed by remotely-located MSDH Regional Engineering staff, are now performed by the new centrally-located MSDH project management staff. This is an inherently faster process, in that it eliminated multiple mailing/routing of a document and coordinated reviews review and mailings/routing of documents between two separate state agencies. During and after the transition, efforts will continue toward the goal of streamlining processes/procedures to improve efficiency. During this time, a sub-goal of ensuring that payment requests are processed as quickly as possible has been met to ensure needed funds are supplied as soon as possible to the loan recipients.

2. *Continuing to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state through customer outreach of public water systems and their consulting engineers.*

Progress Toward Short-Term Goal #2: Throughout the year, the staff of the program attend various conferences to exhibit the program. At the conferences, the staff have on opportunity to speak with municipal officials, water operators, consulting engineers, county officials, etc. one on one about the benefits of the program. Additionally, attendance at these conferences have provided valuable insight into potential problems the various parties may be having with the loan program. Information gained from these visits will be integrated as feasible to streamline program processes, which will benefit the loan recipients, the consulting engineers, and the MDH staff.

3. *Assisting applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded by the use of the technical assistance set-aside contracts.*

Progress Toward Short-Term Goal #3: This progress continues through the requiring of DWSIRLF loan applicants to address capacity assessment deficiencies during facilities planning, and by continuing to make free assistance available to applicants, through the use of contracts funded with the capitalization grant set-asides (as described in the “Set-Aside Activity Status” section on page 10). Applicants are encouraged to utilize the available technical assistance, by receiving additional priority ranking points for participation in the technical assistance program, and even more additional points for implementing any resulting recommendations.

4. *Complete development of a web based system for tracking DWSIRLF projects and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check approval/comment status.*

Progress Toward Short-Term Goal #4: Progress has continued, though it has been slowed in part due to the agency IT issues related to water supply’s environmental laboratory computerized tracking of sampling to the Safe Drinking Water Inventory System. This contractor that would be able to dedicated the necessary time to implement this goal will be able to continue his work toward achieving this goal.

5. *Maintaining reasonable priorities and procedures which will help meet the long term drinking water improvement goals of the Local Governments and Rural Water Systems Improvements Board (Board) and the Loan Program by insuring that all available funds are used to the greatest benefit of the citizens of the State of Mississippi.*

Progress Toward Short-Term Goal #5: We feel that content concerning the goal has been addressed in the Basic Goal section mention previously.

6. *Improve/expand the MDH DWSRF website to make it more informative and useful for loan applicants/recipients and consulting engineers who prefer electronic access to DWSRF information (news, regulations, reports, forms, etc.).*

Progress Toward Short-Term Goal #6: Based on feedback from loan recipients and consulting engineers will feel that this goal has been met. Information needed by consulting engineers and potential loan recipients as well as the general public is readily available at the agency website. This has relieved possible frustrations by both parties associated with making sure all the appropriate documents needed say for example the facilities planning process or loan application phase are available as the need arises. Whereas this goal has been met, it will still be ongoing as needs change with the times.

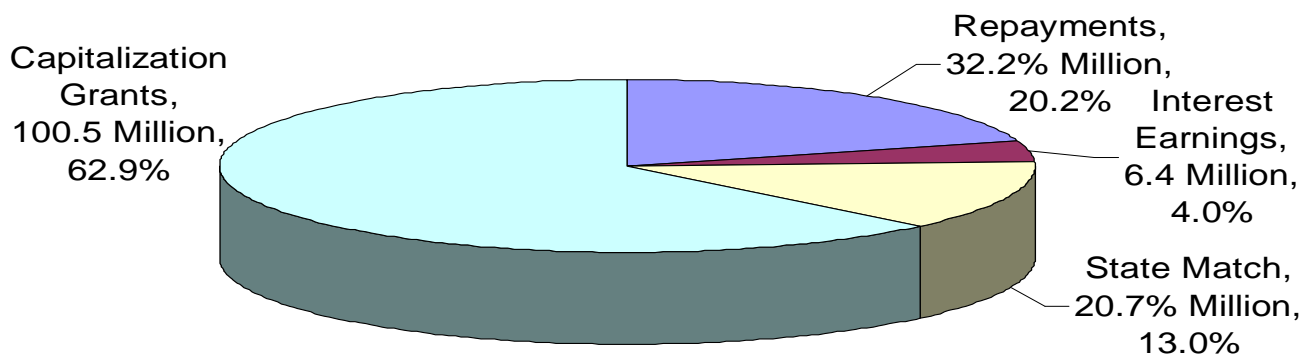
III.DWSIRLF Loan and Set-Aside Activities

This section includes details concerning the sources of DWSIRLF Funding and the use of these funds both within the loan program and the state set-asides. Table 1 provides a breakdown of FY 2007 DWSIRLF funding sources and related uses.

A. Sources of DWSIRLF Funding

Available funding since the DWSIRLF inception totals \$126.7 Million. Figure 1 illustrates the various sources of that funding (capitalization grants, state match, interest on deposits and repayments), and their respective contribution to the total. The State of Mississippi does not utilize leveraging in funding the program. Further details of these funding sources are provided below and in Exhibit 3.

Figure 2: Available Funding Since Program's Inception



i. Capitalization Grant

Each year, the State of Mississippi applies for a Capitalization Grant from the Environmental Protection Agency in accordance with Section 1452 of the Federal Safe Drinking Water Act. The annual allotment is based the EPA Drinking Water Needs Survey that is performed every four years. Since the program's inception, capitalization grants totaling \$100,576,400 have been received. The FY 2007 capitalization grant in the amount of \$8,229,000 was received in the 4th- quarter of FY 2007.

ii. State Match

Since the program's inception, the State of Mississippi has provided the required 20% match through the sale of state general obligation bonds totaling \$20,743,000. Further state match details are outlined in Exhibits 3 and 11. Additional 1:1 match was provided toward the State Program Management Set-aside through the Mississippi State Department of Health Bureau of Public Water Supply's laboratory fee charges.

iii. Interest Earnings

Since the program's inception, the DWSIRLF has received interest on deposits totaling \$6,438,630. During FY 2007, interest on deposits totaled \$1,580,179. Further interest income details are outlined in Exhibit 11.

iv. Repayments

Since the program's inception, the DWSIRLF has received repayments totaling \$32,231,373. During the FY-2007, the repayments received totaled \$6,047,052. This amount is lower than what was initially anticipated due to loan recipients affected financially due to Hurricane Katrina. To assist them, we have permitted a forbearance period for two years which should allow them the opportunity to reacquire their customer base. Further repayment details are outlined in Exhibit 11.

v. Administrative Fees Received and Disbursed

During FY 2007 the administrative fee fund receipts totaled \$686,075 and disbursements were \$716,198.

B. Uses of DWSIRLF Funds

As illustrated in Figure 2, \$31.4 Million was available in FY 2007 for loans to public water systems after \$0.98 Million was set-aside for small system technical assistance and state program management, and \$0.33 Million was set-aside for program administration.

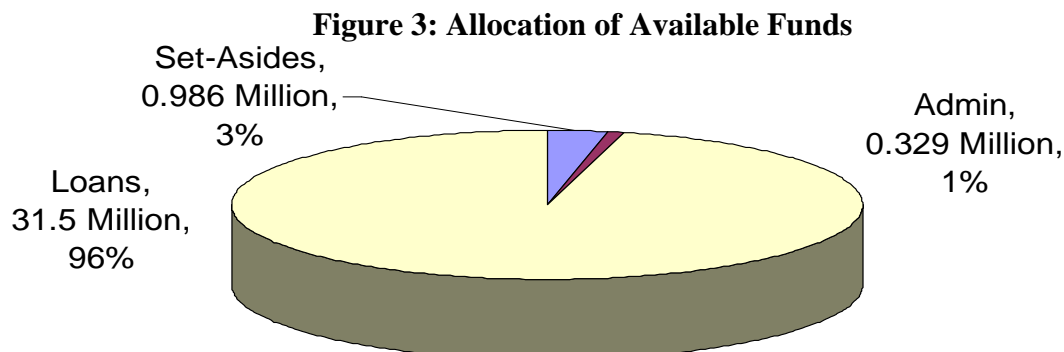


Table 1: Sources of DWSIRLF Funds

Sources of Funds		2007
Capitalization Grant	\$	8,229,000
State Match	\$	1,645,800
Investment Interest Earnings	\$	1,580,179
Principal Repayments	\$	6,047,052
Funds Carried Over from Previous Year(s)	\$	14,040,082
Additional State Match Provided	\$	627,720
Net Amendments & Loan Increase/Decreases	\$	1,085,641
Total	\$	33,255,474

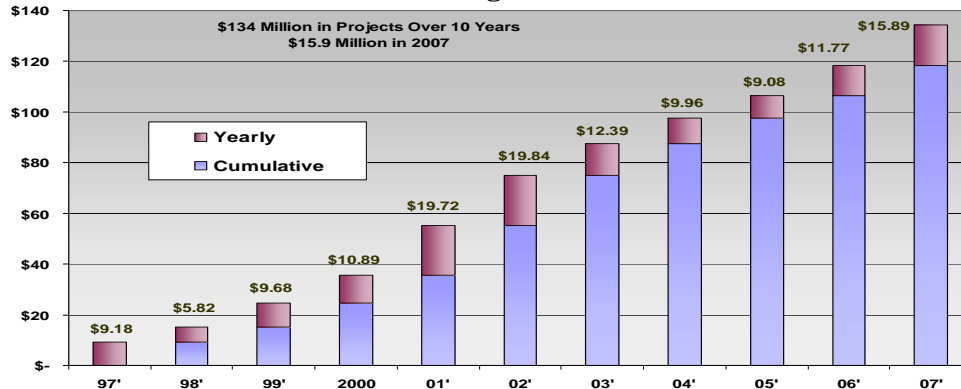
Projected Uses of Funds		
Uses of Committed Funds		
DWSIRLF Loan Account Binding Commitments		
Standard Loan 1452(a)	\$	11,499,566
Small Systems 1452(a)(2)	\$	7,536,487
Subtotal:	\$	19,036,053
Set-Aside Account Workplan Commitments		
Technical Assistance (max 2%) 1452(g)(2)		
Contract 1: Small System Technical Assistance	\$	80,000
Contract 2: Board Management Training	\$	48,000
Contract 3: Hands-On Operator Training	\$	37,000
Technical Assistance Subtotals	\$	165,000
State Program Management (max 10%) 1452(g)(2)	\$	822,900
Local Assistance/Other State Program (max 15%) 1452(k)	\$	-
Subtotal:	\$	987,900
DWSIRLF Administration Account Commitments		
Administrative Set-Aside (max 4%) 1452(g)(2)	\$	329,160
Administrative Fees from Loans	\$	686,075
Subtotal:	\$	1,015,235
Grand Total	\$	21,039,188

Table 2: Actual Uses of DWSIRLF Funding

Uses of Committed Funds		
DWSIRLF Loan Account Binding Commitments		
Standard Loan 1452(a)	\$	10,997,791
Small Systems 1452(a)(2)	\$	4,890,663
Subtotal:	\$	15,888,454
Set-Aside Account Workplan Commitments		
Technical Assistance (max 2%) 1452(g)(2)		
Contract 1: Small System Technical Assistance	\$	79,758
Contract 2: Board Management Training	\$	48,000
Contract 3: Hands On Operator Training	\$	36,769
Technical Assistance Subtotals	\$	164,527
State Program Management (max 10%) 1452(g)(2)	\$	822,900
Local Assistance/Other State Program (max 15%) 1452(k)	\$	-
Subtotal:	\$	987,427
DWSIRLF Administration Account Commitments		
Administrative Set-Aside (max 4%) 1452(g)(2)	\$	329,160
Administrative Fees from Loans	\$	631,129
Subtotal:	\$	960,289
Grand Total	\$	17,836,170

i. Loan Assistance Status

During the Fiscal Year 2007 the State of Mississippi awarded loans totaling \$15.9 million. The individual loan amounts ranged in size from \$94,190 to \$2,380,540. The terms for all FY 2007 loans included an interest rate of 1.95% and a 20 year repayment period. A combined population of 160,392 received the benefit of these loans. Individual populations affected by each loan ranged from 250 to 37,100. The State of Mississippi has no formal disadvantaged system program; however, systems effected by Hurricane Katrina were given disadvantaged system status. This status was defined as systems in the repayment phase that requested a repayment forbearance for two years. This is allowed by both federal and state law. At the time of this report, all system that had requested a forbearance period have resumed their repayment schedules.

Figure 4

1. Binding Commitments

As outlined in Exhibit 4, the State of Mississippi entered into binding commitments to provide assistance from the DWSIRLF in amounts substantially greater than the required 120% of each quarterly grant payment within one year after receipt.

Additional FY 2007 binding commitments details are provided in Exhibit 1, Part 1 and Exhibit 2 and Table 3 (below), which also includes a brief project description.

Details of FY-2007 loan amendments are provided in Exhibit 1, Part 3.

Table 3: FY 2007 Binding Commitments

Priority Ranking	Priority Points	Loan Recipient	PWS ID#	Amount	Project Description	Pop. Served	Small System
2 Priority	768	North Hinds W/A	MS 250009	\$771,000	Well and Distribution Improvements	10,000	Yes
2 Planning	2544	Hub Water Assoc.	MS 460008	\$557,812	Generator, Controls Systems, and Meter Replacement	3,800	Yes
2 Planning	1028	City of Raymond	MS 250020	\$534,120	Distribution, Elevated Storage, and Generator Sets	3,070	Yes
4 Priority	128	City of Southaven	MS 170018	\$1,897,459	Distribution Improvements	37,100	No
4 Planning	122	Culkin Water District	MS 750002	\$2,380,540	Replacing Undersized Lines	10,438	No
6 Priority	117	Columbus Light & Water	MS 440003	\$542,934	Distribution to Previously Unserved Areas	30,000	No
6 Priority	171	West Jackson Co. Util District	MS 300156	\$1,280,265	Well, Distribution, and Generator	19,000	No
6 Planning	965	Monterey Water Assoc.	MS 610016	\$1,050,000	Well and Elevated Tank	3600	Yes
7 Priority	1560	City of Southaven	MS 170018	\$1,477,613	Elevated Storage Tank	37100	No
8 Priority	6301	City of Moss Point	MS 300008	\$1,155,000	Rehabilitation and Repainting of Existing Tanks	16000	No
8 Priority	2319	Town of Louin	MS 310007	\$136,568	Water Tank Rehabilitation	450	Yes
8 Priority	1627	Center Ridge W/A	MS 650001	\$428,000	Water Well	2100	Yes
8 Planning	14238	City of Pearl	MS 610017	\$763,980	Water Well	22000	No
8 Planning	6000	City of Pearl	MS 610017	\$1,500,000	Elevated Storage Tank	22000	No
8 Planning	193	Hattiesburg - Laurel Reg. Air	MS 340031	\$94,190	Tank Repainting	250	Yes
8 Planning	161	City of Morton	MS 620009	\$867,473	Distribution Improvements	3482	Yes
9 Priority	2032	Hotophia Water Association	MS 540009	\$867,473	Pressure Filter for Iron Removal	2102	Yes

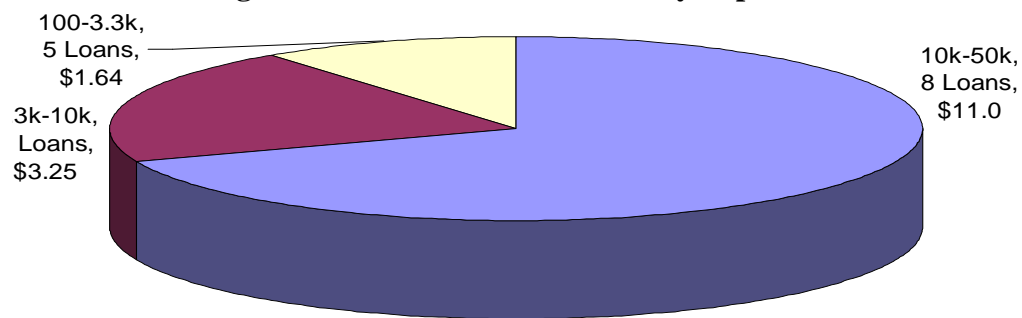
2. *Bypassed Projects*

During FY-2007, 9 projects on the adopted priority list chose not to proceed to loan award. In accordance with the approved Priority System the funds reserved for those projects were released to any projects ready to proceed, including those on the 2008 and After Planning List. Of those on that list, commonly referred to as “catch-up projects”, 8 proceeded and were awarded FY 2007 loans.

3. *Small Systems*

During FY-2007 approximately \$4.9 million in DWSIRLF loans were awarded to small water systems, serving populations of 10,000 or less. Approximately \$4.1 million were awarded to “extra small” water systems, serving populations of 5,000 or less. The State also tracks the funding of these extra small systems due to the smaller size of most water systems throughout rural Mississippi. Loans to small systems (10,000 or less) accounted for 30.8% of the FY 2007 funds awarded and loans to extra small systems (5,000 or less) accounted for 25.9%. Historically, such projects have accounted for 43% and 31.2% of the funds awarded, respectively.

Figure 5: Distribution of Dollars by Population



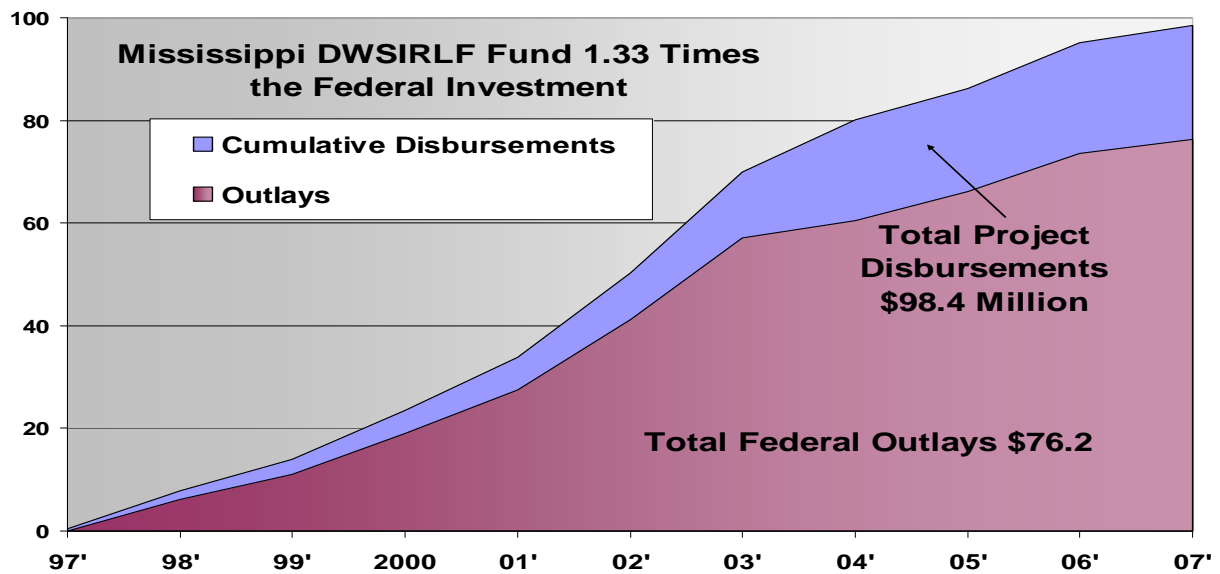
4. *Disadvantaged Community Systems/Hurricane Katrina*

As outlined in the FY 2007 IUP, the Board has not implemented a complete disadvantaged communities program. However, in the wake of the devastation caused by Hurricane Katrina, all prior loan recipients in the lower six (most affected) Mississippi counties were contacted with regard to their ability to continue repayment of their associated loans. This resulted in requests for temporary suspension (“forbearance”) of repayment from some of those loan recipients, to allow time for their communities to rebuild. The Board considered those hurricane-affected loan recipients requesting repayment forbearance to be “disadvantaged.” To accommodate those requests, the prior years’ DWSIRLF Intended Use Plans were amended (by public notice and public hearing) to allow restructuring of the associated DWSIRLF loan payment schedules. To avoid increasing the associated debt while these communities were rebuilding, interest on the loans did not accrue during the repayment forbearance period. To avoid increasing the respective repayment amounts, amortization of the affected loans was extended by a period equal to their forbearance period. This resulted in a total repayment period of more than 20 years, but not more than 30 years, as allowed by state and federal law for disadvantaged communities. All of the associated loan recipients requested a forbearance period of only two (2) years. This results in a reduction in repayment income per month of \$60,016 for two consecutive years. It is not anticipated that this will have a significant effect on the long-term viability of the Program.

5. *Disbursements*

During FY 2007, disbursements from the DWSIRLF to the various loan recipients totaled \$9,509,832 (See Exhibit 5 for a detailed breakdown of loan disbursements.) Of these disbursements, \$3,066,044 was made from State funds and \$6,443,789 was made from federal funds. Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY 2007 totaled \$88,992. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2007 totaled \$716,198.

Figure 6: Historical Disbursements



6. *Loan Amounts by Credit Rating*

The State of Mississippi does not perform a credit rating of Drinking Water SRF loan projects at this time. We do check to confirm that municipalities generate enough sales tax revenue to cover the amount of estimated monthly and semi-annual repayments which will be withheld by the State Tax Commission. Also, a financial capability analysis is performed on every project during the facilities planning phase. Loans are not made to systems who do not meet the State's criteria.

ii. *Set-Aside Activity Status*

During the FY-2007, the DWSIRLF program utilized the available set asides as outlined below to provide funds or services needed to help maintain safe drinking water for the citizens of the State of Mississippi.

1. *Administration*

DWSIRLF Administrative Expenses - An amount totaling \$329,160 (4% of the FY-2007 capitalization grant) was set aside to cover the costs of administering the DWSIRLF program. Additional administrative funds were provided by the 5% administrative fee assessed on each loan, which is included as principle. During

FY-2007, \$716,198 was disbursed for program administration, which included expenditures for both the Mississippi State Department of Health (MSDH) and the Mississippi Department of Environmental Quality (MDEQ) personnel assisting in administering the program. Further information concerning program administration is provided in Exhibit 1, Part 2.

2. *Small Systems Technical Assistance*

This set-aside activity provides, through contractual agreements, specific targeted technical assistance to the state's public water systems. During FY 2007, The Local Governments and Rural Water System Improvement Board approved the type of assistance for small water systems at its current scope of comprehensive and intermediate technical assistance. Continuing from July 1, 2006, the small system operator training program or "Hands On Operator Training" was renewed by the Board. "Hands-On" training sessions have been held throughout the state and have been well received. The workplan objectives for FY-07 and actual accomplishments are summarized below by program activities as defined in the revised workplan.

a. Special Assistance to Referred Systems.

Objectives: For the period October 1, 2006, through September 30, 2007, the objective was to provide on-site technical support to systems that were referred by MSDH to resolve problems and deficiencies. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods. For the period of October 1, 2006 through June 30, 2007 (which ended one contract period), From a list of 30 small water systems, an equivalent of a least 16 long-term assistance projects must be performed with a minimum of at least 8 long-term assistance projects being performed. The contractor may elect to substitute intermediate projects for long-term assistance projects at a ratio of 2 intermediate projects to 1 long-term project. For the period July 1, 2007, through September 30, 2007, (the beginning period of a new contract year with the same contractor), From a list of 20 small water systems, an equivalent of a least 16 long-term assistance projects must be performed with a minimum of at least 8 long-term assistance projects being performed. The contractor may elect to substitute intermediate projects for long-term assistance projects at a ratio of 2 intermediate projects to 1 long-term project. Short-term or unplanned projects were still performed as needed.

Accomplishments: Between the period of October 1, 2006, and June 30, 2007, long term technical assistance was provided under contract by Community Resources Group, Inc. (CRG) to 12 small community public water systems referred by MSDH. Intermediate assistance was provided to 42 public water systems. During the period of July 1, 2007, through September 30, 2007, long-term assistance was begun to some of the 10 systems selected for long term assistance with no systems selected for intermediate assistance. Monthly reports submitted by the contractor were used by MSDH to evaluate contractor

activity and monitor progress made in attaining and maintaining essential technical capabilities of referred systems.

b. Board Management Training for Water System Officials.

Objectives: The objective for the period of October 1, 2006, through September 30, 2007, was for the contractor to ensure that a minimum of two training sessions per month (20 people per session) are conducted in basic water system operation and management for governing boards and managers of small community water systems. The training sessions must be conducted by approved organizations using training materials approved by the MSDH. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods.

Accomplishments: The accomplishments during the period between October 1, 2006, and June 30, 2007, include the successful completion of 10 sessions to train 142 board members and managers in various technical and management skills necessary to effectively fulfill their duties. The accomplishments during the period between July 1, 2007, and September 30, 2007, include the completion of 5 sessions to train 91 board members and managers. Additional accomplishments included but were not limited to related activities such as: the establishment, distribution, and maintenance of a master calendar of training dates; preparation and delivery of training material and notebooks in a timely manner to the training organization(s); preparation of meeting facilities; providing qualified instructors and instruction as needed; preparation and distribution of evaluation forms by attendees; random attendance at meetings to evaluate instructor(s) and material presented; establishment of a computerized database that tracks the attendance of each board member attending any board member training session(s); preparation and distribution of reports for each training event and quarterly reports to both the MSDH and Drinking Water SRF Board members; and other related duties.

c. Hands-On Operator Training for Small Systems.

Objectives: The objectives of the operator training program between October 1, 2006, and September 30, 2007, were to train existing certified operators for small systems through “hands-on” instruction of equipment and real water supply examples. A minimum of 12 “Hands-On Operator Training” session per calendar year using training materials approved by MSDH are to be performed. At a minimum one training session should be conducted each month. This contract follows the state fiscal year and therefore the information shown here will span two different state fiscal years. Because of this fact, the information listed will be separated into two different time periods.

Accomplishments: The accomplishments of the Hands-On Operator Training program for the period between October 1, 2006, and June 30, 2007, were that 12 training sessions occurred and 239 licensed water operators representing 161 different water supplies were in attendance. The accomplishments during the period between July 1, 2007, and September 30, 2007, were that 4 training

sessions occurred and 48 licensed water operators representing 40 different water supplies were in attendance.

The State set aside \$164,580 from the FY-07 capitalization grant for small systems technical assistance activities. A total of \$162,673 was disbursed during FY-07 for small systems technical assistance activities.

3. *State Program Management*

The State of Mississippi set aside \$822,900 of its FY-07 capitalization grant to support the State Program Management activities of the Mississippi State Department of Health Bureau of Public Water Supply. These activities include but are not limited to the Public Water Supply Supervision (PWSS) and Capacity Assessment Programs, which are further detailed below. During FY 2007, no disbursements were made from this set aside. The entire amount of the set-aside will be expended in FY-08. The workplan outlining the proposed expenditure of these funds in FY-08 was previously approved by EPA, Region 4 during the 1st Quarter of FY-07. During FY-07, \$369,165 was disbursed for State Program Management activities from other sources including the FY 2006 set-aside.

a. Public Water Supply Supervision (PWSS) Program

As stated in the FY-07 IUP, activities supported by this program include 1) State Primacy Requirements, 2) Non-primacy Requirements, and 3) Auxiliary Services. The State Program Management set-aside funded 7.6 FTEs including salary and fringe, and indirect costs associated with the operation of this program.

b. Capacity Assessment

The capacity assessment program began July 1, 2000. It took the form of an assessment of the technical, managerial, and financial capacities performed during the water supply's annual inspection. Each year, the program undergoes a review by stakeholders and departmental staff to determine effectiveness and whether or not changes are needed/necessary. Costs associated with the annual report preparation, mailout to the general public, and planning of the program are funded through the State Program Management set-aside.

4. *Local Assistance and Other State Programs*

The State of Mississippi elected to not take this set-aside from the FY-07 capitalization grant. Consequently, there were no disbursements for this set-aside during FY-07.

IV. Financial Summary

A. Loan Completion Status

Since the Program's inception, 141 DWSIRLF projects totaling \$106.1 million have been completed. During FY-07, 14 projects totaling \$11.7 million have been completed. Exhibit 10 lists the projects completed to date. Information listed in the exhibit includes: award date, interest rate, construction start and end dates, final inspection date, first repayment, estimated final repayment date, and initial loan amount.

B. Loan Disbursements/Cash Draw Proportionality

During FY 2007, disbursements from the DWSIRLF to the various loan recipients were approximately \$9.5 million (See Exhibit 5 and 12 for a quarterly breakdown of FY-2007 loan disbursements.) Of these disbursements, \$3,066,044 was made from State funds and \$6,443,789 was made from Federal funds. The State of Mississippi has disbursed \$104,794,323 million since the program's inception. Exhibit 5 outlines each loan-related federal Automated Clearing House (ACH) cash draw, and the cumulative federal/state proportionality ratio resulting from cash draw activities.

C. Administrative Disbursements

Disbursements from the DWSIRLF administrative set-aside for program administration costs during FY 2007 totaled \$88,992. Administrative Fees disbursed for DWSIRLF program administration costs during FY 2007 totaled \$716,198. \$329,160 were set aside from the FY-2007 Capitalization Grant, but no funds were expended during the current year.

D. Annual Repayments

As reflected by Exhibit 9, all DWSIRLF Loan Recipients are current on their loan repayments. During FY 2007 \$6,047,052 was received in loan repayments.

E. Investments

As outlined in the FY-2007 IUP, the Mississippi State Treasurer manages these funds in compliance with state investment practices. We monitor DWSIRLF investment monthly to confirm that the Treasurer credits interest to the DWSIRLF account in a timely fashion.

F. Audits/Financial Statements

A financial statement audit and a single audit of the DWSIRLF Program were performed for FY 2007, based on the State FY 2007 (July 1, 2006 through June 30, 2007). Windham and Lacy, a local CPA firm, performed these audits. The audit report revealed no findings. A copy of the audit report is included as Attachment I. The audited financial statements are current through FY-07 with comparative data from FY-06. The Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance are included and shown on Pages 3 and 4 of Attachment 1, respectively.

V. Program Changes

A. Comparison with the Intended Use Plan

The Annual Report reflects the following changes from the FY 2007 Intended Use Plan as amended. In FY-07, \$15,888,454 was obligated to projects through new loan awards. All projects ready to proceed were funded. Nine of the original eighteen projects listed on the Priority List chose not to proceed in FY-07. An excess of total available funds enabled eight additional projects to be funded from the 2008 and After Planning List. A total of 21 loan amendments (increases/decreases) were processed during FY-07 totaling a net of -\$1,085,641. Amendment details are outlined in Exhibit 1, Part 3.

B. Modification of Goals and Objectives

The long-term goal of completing the transition of the DWSRF program from MDEQ to MSDH has become a short-term goal. As previously explained in Section I.B.1, MDEQ anticipates a significant workload increase related to the Mississippi Gulf Coast Region Utility Act and the associated block grant program, which were enacted in response to Hurricane Katrina. Accordingly, the DWSRF transition plan, which was targeted for completion by June 30, 2008, is being accelerated to reduce MDEQ's DWSRF workload, thus, helping offset that associated with the block grant program. As a result of this acceleration, completion of the transition is now targeted for the second quarter of FY 2008.

C. Modifications of the Program

The only modifications being made at this time involve revising standard operating procedures, letters, and checklists. This process began the last quarter of FY-2006. Revisions to the Operating Agreement and state regulation will likely be needed once the transition of project management from the MDEQ to MSDH is complete.

D. Long and Short-Term Goals for Future IUP's

Continue to refine the DWSIRLF Loan Program to make the loan program more attractive to the public water systems in the state through customer outreach to not only public water systems but also consulting engineers.

Assist applicants in addressing capacity assessment deficiencies found during annual inspections through solutions afforded by the use of the technical assistance set-aside contracts.

Complete development of a web-based system for tracking DWSIRLF and Bureau of Public Water Supply projects that will allow access to consulting engineers, contractors, and loan recipients to check comment/approval status.

Develop procedures to speed up the comment/approval process for the various components of the loan program.

Maintain reasonable priorities and procedures which will help meet the long term drinking water improvement goals of the Board and the Loan Program by insuring that all available funds are used to the greatest benefit of the citizens of the State of Mississippi.

Complete the transition of project management to MSDH, and actively pursue ways to streamline processes and increase efficiency for the benefit of the loan recipients, and to reduce the operational cost of the program.

VI. Compliance with Operating Agreement and Grant Conditions

The following conditions have been met as described in the Operating Agreement or the Capitalization Grant Agreement:

- Agreement to Accept Payments
- State Laws and Procedures
- State Accounting and Auditing Procedures

- Recipient Accounting and Auditing Procedures
- Use of the LOC/ACH Payments
- Annual or Biennial Report
- Annual Intended Use Plan
- Access to Records
- Annual Review
- Anti-lobbying
- Recycled Paper
- Hotel and Motel Fire Safety Act of 1990
- DWSIRLF Work Plans/Performance Policy
- MBE/WBE & Small Business Condition for SRF Recipients
- Debarment & Suspension
- EPA Participation

The following conditions have been met as described more fully below:

- Provide a State Match

The State of Mississippi deposited \$10,000,000 into the DWSIRLF for state match funds in FY 97, \$5,000,000 in FY 01, \$1,740,000 in FY 05, and \$4,003,000 in FY-06. As shown in Exhibit 3, this exceeds the 20 percent required to match the total grant payments through FY 2007.

- Binding Commitments within One Year

The State of Mississippi entered into binding commitments to provide assistance from the DWSIRLF in amounts substantially greater than the required 120% of each quarterly grant payment within one year after receipt of each quarterly grant payment. (Exhibit 4 illustrates the comparison of binding commitments to grant payments). The actual binding commitments through the fourth quarter of FY 2007 met the 120% requirement well in advance of the one-year time frame.

- Expeditious and Timely Expenditure

The State of Mississippi has disbursed DWSIRLF funds in a timely and expeditious manner. The Mississippi DWSIRLF disbursed payments totaling \$9,509,832 to loan recipients during FY 2007. Exhibit 1 indicates the schedules contained in the loan agreements for starting construction and initiating operation. DWSIRLF projects are moving in an expeditious and timely manner to start construction and complete the project within the loan agreement schedule. Mississippi is monitoring and enforcing compliance with the loan agreement schedules to insure timely expenditure of funds.

- Eligible Activities of the DWSIRLF

Eligible Activities of the DWSIRLF are described in Section III of the IUP.

- Compliance with Federal Cross-Cutters

All FY 2007 projects met the requirements of the federal crosscutting laws and authorities. It is the intention of the State to require all projects to meet the cross-cutting requirements and thus bank the loan award amounts in excess of the federal capitalization grants toward meeting equivalency requirements as soon as possible.

- MBE/WBE Requirement

As mandated by federal law, an overall fair share objective of 4.7% MBE and 1.8% WBE for FY 2007 projects financed by the State Revolving Fund was included as a condition in the FY 2007 DWSIRLF capitalization grant. The Standard Form 5700-52A provides documentation that the MBE participation achieved was less than 1% and the WBE participation achieved was 3.7%.

- Other Federal Authorities

The State of Mississippi and all recipients of DWSIRLF funds have complied with applicable federal authorities. Recipients of DWSIRLF assistance agreed to do this in the loan agreement between the recipient and the State of Mississippi.

- State Environmental Review Process (SERP)

During FY 2007 the State of Mississippi conducted environmental reviews on all funded projects in accordance with the SERP. The staff determined that no Environmental Impact Statements were necessary; instead, the State issued either an Environmental Assessment and a Finding of No Significant Impact or a Categorical Exclusion for each project.

- Cash Draw Procedures

The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements. In FY 2007, \$6,443,789 was drawn from the ACH for project funding and \$88,992 was disbursed from administrative set-aside funds. See Exhibits 5 and 6 for additional information regarding the DWSIRLF ACH payment schedule.

- Disbursement Schedule/Commitment

Exhibit 8 compares the actual Federal LOC disbursements made in FY 2007 to the disbursement projections submitted to EPA in the FY 2007 Workplan.

- State's Attorney General Certification

During FY 2007 the State submitted the Attorney General Certification along with the FY 2007 DWSIRLF Capitalization Grant Application.

- Administration Funding

Exhibit 1, Part 2 identifies the portion of the FY 2007 DWSIRLF Capitalization Grant, which was available to fund administration costs. This administrative set-aside totaled \$329,160;

however, during FY 07 there were no funds disbursed from this set-aside. Administrative fees received from loans in FY 2007 totaled \$686,075.

- Attendance at EPA Approved/Sponsored Seminars

State of Mississippi personnel attended all EPA approved/sponsored seminars, workshops, conferences, etc., which were determined to be useful by the State.

- Annual Audit

A financial statement audit of the DWSIRLF Program was performed for State FY 2007.

- Technical Capability

Mississippi continues to manage the DWSIRLF Program with the same technical staff as was approved with the Operating Agreement, with the exception of minor personnel changes.

- Procedures to Assure Borrowers Have Dedicated Source of Revenue

The State of Mississippi agrees that it shall determine whether or not an applicant has the ability to repay a loan, according to its terms and conditions, prior to making that loan. The State has developed EPA approved criteria to evaluate an applicant's financial ability to repay the loan, in addition to paying for operation and maintenance costs, and other necessary expenses.

- Compliance with Small Business Administration Reauthorization and Amendment Act of 1988

Mississippi continues to await guidance from EPA regarding the actions needed to ensure compliance with this condition.

- Compliance with OMB Circulars A-87 and A-133

Mississippi is continuing to comply with the requirements of these circulars and the Single Audit Act Amendments of 1996 by having a single audit conducted each year. We are also insuring compliance of loan recipients by reviewing the single audit reports of any loan recipient who is subject to a single audit.

EXHIBITS

Exhibit 1

Part 1: Projects Receiving DWSIRLF Financial Assistance in FY-2006

NO.	PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	DATE LOAN MATURES
1	CENTER RIDGE	032-02	N/A	\$428,000.00	02/24/07	06/08/07	10/03/08	L	1.95	10/03/28
2	COLUMBUS LW	015-03	N/A	\$542,934.00	08/10/07	07/20/07	12/21/07	L	1.95	12/21/27
3	CULKIN	016-02	N/A	\$2,380,540.00	07/13/07	01/07/08	08/04/08	L	1.95	08/04/28
4	HATTIESBURG-LAUREL	122-01	N/A	\$94,190.00	09/28/07	06/24/08	10/22/08	L	1.95	10/22/28
5	HOTOPHIA	118-01	N/A	\$451,500.00	02/23/07	01/19/08	08/14/08	L	1.95	08/14/28
6	HUB	042-02	N/A	\$557,812.00	09/28/07	08/23/08	03/21/09	L	1.95	03/21/29
7	LOUIN	119-01	N/A	\$136,567.50	07/27/07	10/01/07	09/01/08	L	1.95	09/01/28
8	MONTEREY	124-01	N/A	\$1,050,000.00	09/28/07	01/21/08	12/16/08	L	1.95	12/16/28
9	MORTON	089-03	N/A	\$867,473.00	09/28/07	07/24/08	12/21/08	L	1.95	12/21/28
10	MOSS POINT	120-01	N/A	\$1,155,000.00	08/31/07	07/26/08	08/25/09	L	1.95	08/25/29
11	N HINDS	047-02	N/A	\$771,000.00	01/16/07	04/14/07	01/09/08	L	1.95	01/09/28
12	PEARL 4	055-04	N/A	\$763,980.00	05/04/07	05/28/08	04/23/09	L	1.95	04/23/29
13	PEARL 5	055-05	N/A	\$1,500,000.00	05/04/07	05/28/08	08/01/09	L	1.95	08/01/29
14	RAYMOND	125-01	N/A	\$534,120.00	09/28/07	07/24/08	12/21/08	L	1.95	12/21/28
15	SOUTHAVEN	067-05	N/A	\$1,897,459.00	09/07/07	09/01/08	03/30/09	L	1.95	03/30/29
16	SOUTH AVEN	067-06	N/A	\$1,477,613.00	09/07/07	09/01/08	11/05/09	L	1.95	11/05/29
17	W JACKSON CO	061-03	N/A	\$1,280,265.00	01/19/07	04/28/08	05/23/09	L	1.95	05/23/29
PART 1 TOTAL				\$15,888,454						

Part 2: Program Administration

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER	ENFORCEABLE REQUIREMENT	PROG. ADMIN. ASSISTANCE AMOUNT	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	DATE LOAN MATURES
2007 Cap Grant	N/A	N/A	\$329,160	N/A	N/A	N/A	N/A	N/A	N/A
PART 2 TOTAL				\$329,160					

Exhibit 1 (cont.)

Part 3: Assistance Amount Changes During FY2007

PROJECT NAME COMMUNITIES SERVED	PROJECT NUMBER DWI-H280	ENFORCEABLE REQUIREMENT	ASSISTANCE AMOUNT CHANGE	BINDING COMMITMENT DATE	CONSTRUCTION START DATE	INITIATE OPERATION DATE	* TYPE	INTEREST RATE ON LOAN	DATE LOAN MATURES
BEAR CREEK WA	004-04	N/A	-\$29,008	8/29/2003	1/5/2006	4/26/2007	L	4.00	4/1/2027
BEAR CREEK WA	004-05	N/A	-\$898,060	9/30/2004	4/7/2006	4/26/2007	L	2.50	4/1/2027
BEAR CREEK WA	004-06	N/A	-\$140	8/5/2005	6/26/2006	7/26/2007	L	2.50	7/26/2027
EVERGREEN WA	115-01	N/A	\$43,000	8/8/2006	1/7/2007	11/2/2007	L	1.95	11/2/2027
FANNIN WA	012-02	N/A	\$110,366	6/29/2006	5/10/2007	2/22/2008	L	1.95	2/22/2028
FISHER FERRY W DISTRICT	083-03	N/A	-\$32,192	9/30/2005	5/8/2006	9/29/2006	L	2.50	9/8/2026
GAUTIER , CITY OF	114-02	N/A	-\$49,683	9/29/2006	10/9/2007	5/6/2008	L	1.95	5/6/2028
GREENFIELD WA	040-03	N/A	-\$50,803	5/25/2005	9/26/2005	11/1/2006	L	2.50	11/1/2026
LAKE LORMAN UTIL DISTR	108-01	N/A	\$137,335	8/25/2005	2/18/2007	3/28/2008	L	2.50	3/28/2028
LAWRENCE COUNTY WA	099-01	N/A	-\$2,694	7/6/2004	10/18/2004	8/30/2006	L	2.50	8/30/2026
MORTON , CITY OF	089-02	N/A	-\$8,300	9/30/2005	6/1/2006	10/18/2006	L	2.50	10/18/2026
MT COMFORT WA **	072-03	N/A	-\$205,519	9/30/2005	NA	NA	L	2.50	NA
N HINDS WA	047-02	N/A	\$55,000	1/16/2007	4/14/2007	1/9/2008	L	1.95	1/9/2028
NE COPIAH WA	116-01	N/A	\$56,131	7/16/2007	12/10/2006	11/6/2007	L	1.95	11/6/2027
OLIVE BRANCH, CITY OF	049-03	N/A	-\$117,694	9/30/2003	5/15/2005	7/7/2006	L	4.00	7/7/2026
OLIVE BRANCH, CITY OF	049-05	N/A	-\$56,738	5/12/2005	5/22/2006	5/2/2007	L	2.50	5/2/2027
STARKVILLE, CITY OF	073-03	N/A	-\$19,704	5/7/2003	9/1/2004	8/17/2007	L	4.00	8/17/2027
STARKVILLE, CITY OF	073-04	N/A	-\$59,479	3/9/2004	5/12/2005	8/29/2006	L	2.50	8/29/2026
TUPELO, CITY OF	090-02	N/A	-\$93,869	5/22/2006	7/16/2007	12/19/2007	L	1.95	12/19/2027
WALLS WA	101-02	N/A	\$144,800	9/15/2006	9/25/2007	1/17/2009	L	1.95	1/17/2029
WALLS WA	101-03	N/A	-\$8,390	9/15/2006	9/3/2007	10/2/2008	L	1.95	10/2/2028

PART 3 TOTAL -\$1,085,641

GRAND TOTAL \$15,131,973

Exhibit 2 FY-2007 Binding Commitments by Quarter

FY 2007							*
LOAN RECIPIENT	DWI-H280	QTR1	QTR2	QTR3	QTR4	TOTAL	TYPE
N HINDS WA	047-02	\$0	\$771,000	\$0	\$0	\$771,000	L
W JACKSON CO UD	061-03	\$0	\$1,280,265	\$0	\$0	\$1,280,265	L
HOTOPHIA WA	118-01	\$0	\$451,500	\$0	\$0	\$451,500	L
CENTER RIDGE WA	032-02	\$0	\$428,000	\$0	\$0	\$428,000	L
PEARL, CITY OF	055-04	\$0	\$0	\$763,980	\$0	\$763,980	L
PEARL, CITY OF	055-05	\$0	\$0	\$1,500,000	\$0	\$1,500,000	L
CULKIN WD	016-02	\$0	\$0	\$0	\$2,380,540	\$2,380,540	L
LOUIN	119-01	\$0	\$0	\$0	\$136,568	\$136,568	L
COLUMBUS LIGHT/WATER	015-03	\$0	\$0	\$0	\$542,934	\$542,934	L
MOSS POINT, CITY OF	120-01	\$0	\$0	\$0	\$1,155,000	\$1,155,000	L
SOUTHAVEN, CITY OF	067-05	\$0	\$0	\$0	\$1,897,459	\$1,897,459	L
SOUTH AVEN, CITY OF	067-06	\$0	\$0	\$0	\$1,477,613	\$1,477,613	L
HATTIESBURG-LAUREL	122-01	\$0	\$0	\$0	\$94,190	\$94,190	L
HUB WA	042-02	\$0	\$0	\$0	\$557,812	\$557,812	L
MONTEREY WA	124-01	\$0	\$0	\$0	\$1,050,000	\$1,050,000	L
MORTON, CITY OF	089-03	\$0	\$0	\$0	\$867,473	\$867,473	L
RAYMOND, CITY OF	125-01	\$0	\$0	\$0	\$534,120	\$534,120	L
TOTAL		\$0	\$2,930,765	\$2,263,980	\$10,693,709	\$15,888,454	

*L = Loan; I = Insurance; G = Guarantee; R = Refinance; A = Administration

Exhibit 3 Source of DWSIRLF Funds by Quarter During FY-2007

SOURCE OF FUNDS	FY 2007 TOTALS	FY 2007			
		QTR 1	QTR 2	QTR 3	QTR 4
LOC PAYMENTS*					
FY 2006 GRANT	\$6,912,612	\$683,312	\$2,000,000	\$2,500,000	\$1,729,300
FY 2007 GRANT	\$2,800,000	\$0	\$0	\$0	\$2,800,000
CASH DEPOSITS					
FY 2006 STATE MATCH (20% REQUIRED)**	\$1,382,522	\$136,662	\$400,000	\$500,000	\$345,860
FY 2007 STATE MATCH (20% REQUIRED)**	\$1,645,860	\$0	\$0	\$0	\$1,645,860
EXCESS STATE MATCH (as of 9/30/2007)***	\$627,720	\$0	\$0	\$0	\$627,720
INTEREST EARNINGS ON STATE MATCH AND REPAYMENTS	\$1,580,179	\$306,438	\$512,025	\$391,984	\$369,732
LOAN REPAYMENTS	\$6,047,052	\$1,412,508	\$1,360,220	\$1,657,709	\$1,616,615
PENALTIES RECEIVED	\$0	\$0	\$0	\$0	\$0
FY 2007 TOTAL	\$20,995,945	\$2,538,920	\$4,272,245	\$5,049,693	\$9,135,087

* This does not include monies set-aside for Drinking Water SRF Administrative Expenses, State Program Management, and Small Systems Technical Assistance.

** This does not include match for set-aside funds.

*** A \$10,000,000 deposit was made in FY'97; a \$5,000,000 deposit was made in FY'01, a \$1,740,000 deposit was made in FY'05, and a \$4,003,000 deposit was made in FY'06 to fund the state match portion for several years' capitalization grants.

The above figures reflect the state funds required to match all LOC deposits made directly to the SRF during FY'2007; they do not reflect the match required for the setaside accounts. The excess match is calculated as follows:

			YEARLY STATE MATCH	CUMULATIVE STATE MATCH
Total LOCs from the following Cap Grants received thru FY'07 including setasides				
FY'97 Cap Grant	\$16,474,200	X 20% =	\$3,294,840	\$3,294,840
FY'98 Cap Grant	\$8,271,700	X 20% =	\$1,654,340	\$4,949,180
FY'99 Cap Grant	\$8,669,500	X 20% =	\$1,733,900	\$6,683,080
FY'00 Cap Grant	\$9,010,100	X 20% =	\$1,802,020	\$8,485,100
FY'01 Cap Grant	\$9,047,400	X 20% =	\$1,809,480	\$10,294,580
FY'02 Cap Grant	\$8,052,500	X 20% =	\$1,610,500	\$11,905,080
FY'03 Cap Grant	\$8,004,100	X 20% =	\$1,600,820	\$13,505,900
FY'04 Cap Grant	\$8,303,100	X 20% =	\$1,660,620	\$15,166,520
FY'05 Cap Grant	\$8,285,500	X 20% =	\$1,657,100	\$16,823,620
FY'06 Cap Grant	\$8,229,300	X 20% =	\$1,645,860	\$18,469,480
FY'07 Cap Grant	\$8,229,000	X 20% =	\$1,645,800	\$20,115,280
	\$100,576,400			
State match required thru FY'2007			\$20,115,280	

State match received as of 9/30/07 = \$20,743,000. State match required as of 9/30/07 = \$20,115,280.

Excess state match as of 9/30/07 = \$627,720.

Exhibit 4 Binding Commitments by Scheduled Payment from ACH

PROJECT NAME		PROJECT NUMBER	CONSTRUCTION START DATE	-----BINDING COMMITMENTS-----					TOTAL
COMMUNITIES SERVED		DWI-H280		QTR1	QTR2	QTR3	QTR4		
1	CENTER RIDGE	032-02	06/08/07	\$0	\$771,000	\$0	\$0		\$771,000
2	COLUMBUS LW	015-03	07/20/07	\$0	\$1,280,265	\$0	\$0		\$1,280,265
3	CULKIN	016-02	01/07/08	\$0	\$451,500	\$0	\$0		\$451,500
4	HATTIESBURG-LAUREL	122-01	06/24/08	\$0	\$428,000	\$0	\$0		\$428,000
5	HOTOPHIA	118-01	01/19/08	\$0	\$0	\$763,980	\$0		\$763,980
6	HUB	042-02	08/23/08	\$0	\$0	\$1,500,000	\$0		\$1,500,000
7	LOUIN	119-01	10/01/07	\$0	\$0	\$0	\$2,380,540		\$2,380,540
8	MONTEREY	124-01	01/21/08	\$0	\$0	\$0	\$136,568		\$136,568
9	MORTON	089-03	07/24/08	\$0	\$0	\$0	\$542,934		\$542,934
10	MOSS POINT	120-01	07/26/08	\$0	\$0	\$0	\$1,155,000		\$1,155,000
11	N HINDS	047-02	04/14/07	\$0	\$0	\$0	\$1,897,459		\$1,897,459
12	PEARL 4	055-04	05/28/08	\$0	\$0	\$0	\$1,477,613		\$1,477,613
13	PEARL 5	055-05	05/28/08	\$0	\$0	\$0	\$94,190		\$94,190
14	RAYMOND	125-01	07/24/08	\$0	\$0	\$0	\$557,812		\$557,812
15	SOUTHAVEN	067-05	09/01/08	\$0	\$0	\$0	\$1,050,000		\$1,050,000
16	SOUTH AVEN	067-06	09/01/08	\$0	\$0	\$0	\$867,473		\$867,473
17	W JACKSON CO	061-03	04/28/08	\$0	\$0	\$0	\$534,120		\$534,120
Subtotal				\$0	\$2,930,765	\$2,263,980	\$10,159,589		\$15,888,454
Program Administration 2007 Grant				\$0	\$0	\$0	\$329,160		\$329,160
2007 Binding Commitment Total				\$0	\$2,930,765	\$2,263,980	\$10,488,749		\$16,217,614
*Cumulative Binding Commitments (FY'97 -FY'2007)		FY1997 - FY2006		\$125,769,656	\$125,769,656	\$128,700,421	\$130,964,401	\$141,453,150	
**CUMULATIVE FEDERAL LOC PAYMENT SCHEDULE AMOUNTS THROUGH FY2006		\$72,839,833	\$72,839,833	\$73,256,433	\$73,256,433	\$73,256,433			
***ACTUAL BINDING COMMITMENTS THROUGH FY2007 AS A % OF PAYMENT SCHEDULE AMOUNTS THROUGH FY2006			173%	176%	179%	193%			

* Includes only binding commitments for loan projects and administration through FY2006.

**These figures do not include set-asides.

***The above percentages compare the actual binding commitments through FY2007 to the cumulative payment schedule amounts through FY2006.

Federal law allows one year after the payment schedule quarter to achieve the 120%.

Exhibit 5 Federal & State Disbursements

	CUM THRU FY 2006	QTR 1	FISCAL YEAR 2007			FY 2007 CUMULATIVE	TOTAL
			QTR 2	QTR 3	QTR 4		
TOTAL DISBURSEMENTS (PROJECTS)	\$95,284,491	\$1,908,692	\$2,085,855	\$2,982,490	\$2,532,795	\$9,509,832	\$104,794,323
2007 CUMULATIVE TOTAL	N/A	\$1,908,692	\$3,994,547	\$6,977,037	\$9,509,832		
BEGIN BALANCE FED. FUNDS AVAIL.	N/A	\$8,193,526	\$6,923,518	\$5,410,327	\$3,161,844		
FED. LOC PMT. SCH. DEPOSITS	\$74,899,002	\$683,312	\$2,000,000	\$2,500,000	\$3,212,660	\$8,395,972	\$83,294,974
FED. DRAW FROM LOC (ACH DRAWS)	\$73,677,164	\$304,347	\$1,684,746	\$2,408,957	\$2,045,739	\$6,443,789	\$80,120,953
FEDERAL LOC AVAILABLE (END)	N/A	\$8,572,491	\$7,238,772	\$5,501,370	\$4,328,765		
STATE MATCH DRAWN FOR PMTS	\$21,482,572	\$1,604,344	\$401,110	\$573,533	\$487,057	\$3,066,044	\$24,548,616
2006 CUMULATIVE STATE SHARE	N/A	\$1,604,344	\$2,005,454	\$2,578,987	\$3,066,044		
CUM LOC / ACH DRAW AS % OF CUMULATIVE DISBURSEMENTS	77.32%	15.95%	80.77%	80.77%	80.77%	67.76%	76.46%

Exhibit 6 Payment Schedule Actual and Protected Increase in the ACH

	CUMULATIVE THRU FY2005 - 4 QTR - 9/30/06	FY 2007				FY 2008				TOTAL
		QTR 1	QTR 2	QTR 3	QTR 4	QTR 1	QTR 2	QTR 3	QTR 4	
1997 GRANT	\$13,838,328	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,838,328
1998 GRANT	\$7,775,398	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,775,398
1999 GRANT	\$7,881,174	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,881,174
2000 GRANT	\$8,169,494	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,169,494
2001 GRANT	\$8,154,556	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,154,556
2002 GRANT	\$7,169,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,169,350
2003 GRANT	\$7,244,018	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,244,018
2004 GRANT	\$7,306,728	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,306,728
2005 GRANT	\$6,959,820	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,959,820
2006 GRANT	\$0	\$683,312	\$2,000,000	\$2,500,000	\$1,729,300	\$0	\$0	\$0	\$0	\$6,912,612
2007 GRANT	\$0	\$0	\$0	\$0	\$1,483,360	\$3,000,000	\$2,400,000	\$29,000	\$0	\$6,912,360
TOTAL	\$74,498,866	\$683,312	\$2,000,000	\$2,500,000	\$3,212,660	\$3,000,000	\$2,400,000	\$29,000	\$0	\$88,323,838
CUM PAYMENTS	\$74,498,866	\$75,182,178	\$77,182,178	\$79,682,178	\$82,894,838	\$85,894,838	\$88,294,838	\$88,323,838	\$88,323,838	

*Above amounts are Federal Cap Grant payments designated for loan projects only, and do not reflect set-aside funding.

YEARLY CAP GRANT SETASIDES

	ADMINISTRATION	SMALL SYSTEMS TECH ASSIST	STATE PROGRAM MANAGEMENT	OTHER STATE PROGRAMS	SETASIDE TOTALS
FFY1997	\$658,968	\$329,484	\$0	\$1,647,420	\$2,635,872
FFY1998	\$330,868	\$165,434	\$0	\$0	\$496,302
FFY1999	\$346,780	\$173,390	\$268,156	\$0	\$788,326
FFY2000	\$360,404	\$180,202	\$300,000	\$0	\$840,606
FFY2001	\$361,896	\$180,948	\$350,000	\$0	\$892,844
FFY2002	\$322,100	\$161,050	\$400,000	\$0	\$883,150
FFY2003	\$0	\$160,082	\$600,000	\$0	\$760,082
FFY2004	\$0	\$166,062	\$830,310	\$0	\$996,372
FFY2005	\$331,420	\$165,710	\$828,550	\$0	\$1,325,680
FFY2006	\$329,172	\$164,586	\$822,930	\$0	\$1,316,688
FFY2007	\$329,160	\$164,580	\$822,900	\$0	\$1,316,640

Exhibit 7 DWSIRLF Project Financial Report

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1997 Loans at 4.5%								
ACL Wtr. Assoc.	010-01	\$297,465	\$0	\$0	-\$13,317	\$284,148	\$2,602	\$286,750
Bear Creek W.A.	004-01	\$997,500	-\$13,648	\$0	-\$92,085	\$891,767	\$9,794	\$901,561
Cedar Grove Harmony W.A.	001-01	\$296,179	-\$4,448	\$0	-\$2,919	\$288,812	\$10,369	\$299,181
Columbus Util. Comm.	015-01	\$996,626	-\$411,003	\$0	-\$48,773	\$536,850	\$3,250	\$540,100
D'Iberville	009-01	\$659,318	\$0	\$0	-\$78,289	\$581,029	\$2,061	\$583,090
Double Ponds W.A.	013-01	\$593,428	\$76,966	\$0	\$0	\$670,394	\$11,944	\$682,338
Fannin Wtr. Assoc.	012-01	\$638,958	\$0	\$0	-\$46,166	\$592,792	\$8,679	\$601,471
Leesburg Wtr. Assoc.	018-01	\$292,950	-\$10,020	\$0	-\$23,380	\$259,550	\$2,930	\$262,480
City of Long Beach	008-01	\$900,271	-\$2,301	\$0	-\$22,856	\$875,114	\$13,424	\$888,538
City of Long Beach	008-02	\$310,659	\$43,125	\$0	-\$609	\$353,175	\$4,948	\$358,123
City of Magnolia	020-01	\$1,000,000	\$0	\$0	-\$313,514	\$686,486	\$15,812	\$702,298
City of Magnolia	020-02	\$1,000,000	\$0	\$0	-\$131,879	\$868,121	\$21,446	\$889,567
Mt. Gilead/Improve W.A.	021-01	\$385,875	-\$138,389	\$0	\$0	\$247,486	\$4,728	\$252,214
North District One W.A.	022-01	\$151,725	\$30,213	\$0	-\$9,063	\$172,875	\$1,587	\$174,462
Pleasant Hill W.A.	007-01	\$887,366	\$0	\$0	-\$68,488	\$818,878	\$7,733	\$826,611
Progress Comm. W.A.	002-01	\$615,300	\$216,816	\$0	-\$150,893	\$681,223	\$13,774	\$694,997
Thomasville W.A.	014-01	\$274,050	-\$32,124	\$0	-\$8,975	\$232,951	\$1,546	\$234,497
1997 Totals		\$10,297,670	-\$244,813	\$0	-\$1,011,206	\$9,041,651	\$136,627	\$9,178,278
Cum. FY 1997		\$10,297,670	-\$244,813	\$0	-\$1,011,206	\$9,041,651	\$136,627	\$9,178,278

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1998 Loans at 4.0%								
Bunker Hill Wtr. Assoc.	036-01	\$142,289	\$0	\$0	-\$1,139	\$141,150	\$380	\$141,530
Culkin Wtr. Dist.	016-01	\$375,378	\$523,447	\$0	-\$78,307	\$820,518	\$5,360	\$825,878
E. Leflore Co. Wtr. Sew. Dist	028-01	\$298,920	\$0	\$0	-\$2,348	\$296,572	\$4,983	\$301,555
E. Lowndes Wtr. Assoc.	005-01	\$920,600	-\$6,969	\$0	-\$37,061	\$876,570	\$11,411	\$887,981
Town of Marion	006-01	\$620,414	\$113,842	\$0	-\$38,248	\$696,008	\$13,056	\$709,064
NE MS Regional WSD	029-01	\$1,000,000	\$0	\$0	-\$65,256	\$934,744	\$19,212	\$953,956
NE MS Regional WSD	029-02	\$868,814	\$0	\$0	-\$22,692	\$846,122	\$16,002	\$862,124
Pleasant Hill Wtr. Assoc.	007-02	\$535,000	-\$45,805	\$0	-\$9,814	\$479,381	\$2,855	\$482,236
Yokena-Jeff Davis W.D.	019-01	\$740,775	-\$22,775	\$0	-\$63,970	\$654,030	\$6,847	\$660,877
1998 Totals		\$5,502,190	\$561,740	\$0	-\$318,835	\$5,745,095	\$80,106	\$5,825,201
Cum. FY 1997-1998		\$15,799,860	\$316,927	\$0	-\$1,330,041	\$14,786,746	\$216,733	\$15,003,479

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
1999 Loans at 3.0%								
Bunker Hill Wtr. Assoc.	036-02	\$50,972	\$0	\$0	-\$45,323	\$5,649	\$0	\$5,649
Columbus Util. Comm.	015-02	\$718,952	\$27,047	\$0	-\$21,267	\$724,732	\$8,627	\$733,359
Center Ridge Wtr. Assoc.	032-01	\$564,000	\$0	\$0	-\$26,868	\$537,132	\$4,891	\$542,023
City of D'Iberville	009-02	\$858,731	-\$439,376	\$0	-\$209	\$419,146	\$1,774	\$420,920
Greenfield W.A.	040-01	\$322,000	-\$35,042	\$0	-\$12,175	\$274,783	\$614	\$275,397
City of Horn Lake	033-01	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$9,556	\$1,509,556
Hub Wtr. Assoc.	042-01	\$327,600	\$31,311	\$0	-\$35,956	\$322,955	\$1,953	\$324,908
Jayess-Topeka-Tilton W.A.	045-01	\$324,192	\$0	\$0	-\$19,821	\$304,371	\$2,371	\$306,742
Langford W.A.	046-01	\$378,998	\$34,396	\$0	\$0	\$413,394	\$928	\$414,322
NE MS Regional WSD	029-03	\$1,000,000	\$0	\$125,905	\$0	\$1,125,905	\$19,807	\$1,145,712
Pascagoula	044-01	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$4,518	\$1,504,518
Pascagoula	044-02	\$1,000,000	\$0	\$0	\$500,000	\$1,500,000	\$4,518	\$1,504,518
Pascagoula	044-03	\$371,700	\$60,722	\$0	-\$48,438	\$383,984	\$0	\$383,984
Purvis	041-01	\$696,995	-\$20,027	\$0	-\$75,565	\$601,403	\$3,325	\$604,728
1999 Totals		\$8,614,140	-\$340,969	\$125,905	\$1,214,378	\$9,613,454	\$62,882	\$9,676,336
Cum. FY 1997-1999		\$24,414,000	-\$24,042	\$125,905	-\$115,663	\$24,400,200	\$279,615	\$24,679,815

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2000 Loans at 3.0%								
Algoma W.A.	034-01	\$991,200	\$0	\$0	-\$247,008	\$744,192	\$19,974	\$764,166
Carthage	056-01	\$584,837	\$89,126	\$0	-\$79,776	\$594,187	\$7,337	\$601,524
Eagle Lake W.D.	051-01	\$359,101	\$0	\$0	-\$22,315	\$336,786	\$3,083	\$339,869
Gloster	059-01	\$262,500	-\$18,646	\$0	\$0	\$243,854	\$3,180	\$247,034
Hernando	057-01	\$891,870	-\$130,260	\$0	-\$15,516	\$746,094	\$5,992	\$752,086
Hilldale W.D.	048-01	\$374,365	\$0	\$0	-\$5,862	\$368,503	\$3,144	\$371,647
Highway 28 W.A.	037-01	\$250,000	\$0	\$0	-\$6,992	\$243,008	\$1,842	\$244,850
Highway 98 East W.A.	050-01	\$913,947	\$0	\$0	-\$78,214	\$835,733	\$9,638	\$845,371
City of Long Beach	008-03	\$306,257	-\$1,070	\$0	-\$33,693	\$271,494	\$3,329	\$274,823
Mt. Gilead/Improve W.A.	021-02	\$85,313	-\$19,725	\$0	-\$4,775	\$60,813	\$281	\$61,094
NE MS Regional WSD	029-04	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$31,841	\$1,531,841
North Hinds W.A.	047-01	\$666,070	\$0	\$0	\$0	\$666,070	\$4,376	\$670,446
City of Ocean Springs	035-01	\$982,067	-\$334,258	\$0	-\$16,351	\$631,458	\$2,614	\$634,072
City of Olive Branch	049-01	\$1,056,950	-\$249,310	\$0	\$0	\$807,640	\$11,621	\$819,261
City of Olive Branch	049-02	\$1,441,184	-\$317,300	\$0	-\$10,225	\$1,113,659	\$7,464	\$1,121,123
Pleasant Hill Wtr. Assoc.	007-03	\$698,250	-\$79,717	\$0	-\$1,000	\$617,533	\$8,979	\$626,512
Southwest Covington W.A.	054-01	\$345,051	\$0	\$0	-\$7,030	\$338,021	\$2,091	\$340,112
Tri-Lake Rural W.A.	024-01	\$278,522	\$30,318	\$0	-\$11,141	\$297,699	\$2,967	\$300,666
Union Wtr. Assoc.	053-01	\$340,000	\$14,000	\$0	-\$9,604	\$344,396	\$3,689	\$348,085
2000 Totals		\$12,327,484	-\$1,016,842	\$0	-\$549,502	\$10,761,140	\$133,442	\$10,894,582
Cum. FY 1997-2000		\$36,741,484	-\$1,040,884	\$125,905	-\$665,165	\$35,161,340	\$413,057	\$35,574,397

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2001 Loans at 3.0%								
Adams Co. W.A.	062-01	\$950,691	-\$263,129	\$0	-\$41,939	\$645,623	\$4,231	\$649,854
Adams Co. W.A.	062-02	\$1,124,211	-\$260,741	\$0	-\$77,451	\$786,019	\$8,962	\$794,981
Bear Creek W.A.	004-02	\$1,468,200	-\$557,553	\$0	-\$6,657	\$903,990	\$12,883	\$916,873
Bunker Hill W.A.	036-03	\$280,983		\$0	\$59,529	\$340,512	\$3,214	\$343,726
Farmington W.A.	058-01	\$877,109	-\$13,493	\$0	-\$19,877	\$843,739	\$8,728	\$852,467
Glendale Util. Dist.	023-01	\$860,675	-\$21,779	\$0	-\$4,326	\$834,570	\$11,083	\$845,653
Town of Gloster	059-02	\$328,125	-\$97,340	\$0	-\$11,925	\$218,860	\$1,690	\$220,550
Greenfield W.A.	040-02	\$466,000	\$0	\$0	-\$4,887	\$461,113	\$5,632	\$466,745
City of Hernando	057-02	\$547,074	-\$122,286	\$0	-\$38,901	\$385,887	\$5,345	\$391,232
Hilldale Wtr. Dist.	048-02	\$468,535	\$0	\$0	-\$11,278	\$457,257	\$4,838	\$462,095
Improve Wtr. Assoc.	080-01	\$334,323	\$0	\$0	\$71,240	\$405,563	\$10,578	\$416,141
Leesburg W.A.	018-02	\$756,677	-\$56,236	\$0	-\$18,640	\$681,801	\$11,145	\$692,946
Town of North Carrollton	063-01	\$1,368,881	-\$95,167	\$0	-\$1,208	\$1,272,506	\$19,754	\$1,292,260
New Hope W.A.	076-01	\$416,602	-\$45,383	\$0	-\$11,751	\$359,468	\$4,008	\$363,476
Pascagoula	044-04	\$1,500,000	-\$352,567	\$0	-\$13,550	\$1,133,883	\$7,339	\$1,141,222
Pascagoula	044-05	\$739,200	\$20,163	\$0	-\$41,007	\$718,356	\$8,960	\$727,316
Pascagoula	044-06	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$24,037	\$1,524,037
Pearl	055-01	\$508,030	\$0	\$0	-\$102,746	\$405,284	\$2,464	\$407,748
Pearl	055-03	\$777,000	\$0	\$0	-\$44,325	\$732,675	\$8,028	\$740,703
Soso Community Wtr. Sys.	066-01	\$276,231	-\$74,176	\$0	-\$27,600	\$174,455	\$1,952	\$176,407
Southaven	067-01	\$1,500,000	-\$114,955	\$0	-\$2,325	\$1,382,720	\$18,241	\$1,400,961
Southaven	067-02	\$1,486,068	-\$122,650	\$0	-\$23,719	\$1,339,699	\$21,826	\$1,361,525
Southaven	067-03	\$1,457,794	-\$204,710	\$0	-\$17,536	\$1,235,548	\$14,888	\$1,250,436
Starkville	073-01	\$733,310	-\$112,758	\$0	\$0	\$620,552	\$8,295	\$628,847
West Point	071-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$25,082	\$1,525,082
West Jackson Co. U.D.	061-01	\$139,351	\$0	\$0	-\$16,782	\$122,569	\$491	\$123,060
2001 Totals		\$22,365,070	-\$2,494,760	\$0	-\$407,661	\$19,462,649	\$253,694	\$19,716,343
Cum. FY 1997-2001		\$59,106,554	-\$3,535,644	\$125,905	-\$1,072,826	\$54,623,989	\$666,751	\$55,290,740

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2002 Loans at 3.5%								
ACL Wtr. Assoc.	010-02	\$475,000	\$0	\$0	\$0	\$475,000	\$5,977	\$480,977
Adams Co. Wtr. Assoc.	062-03	\$765,529	\$47,600	\$0	-\$32,019	\$781,110	\$11,763	\$792,873
Bear Creek Wtr. Assoc.	004-03	\$968,096	-\$126,197	\$0	-\$42,670	\$799,229	\$9,225	\$808,454
Clinton	088-01	\$1,429,475	\$0	\$0	-\$300,721	\$1,128,754	\$25,423	\$1,154,177
Collinsville Wtr. Assoc.	069-01	\$1,495,603	\$4,397	\$0	\$0	\$1,500,000	\$30,000	\$1,530,000
Cleary Heights WSFD	074-01	\$779,647	-\$8,368	\$0	-\$10,216	\$761,063	\$19,149	\$780,212
Central Rankin Wtr. Assoc.	078-01	\$204,500	\$0	\$0	-\$23,897	\$180,603	\$2,624	\$183,227
Corinth	064-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$23,057	\$1,523,057
East Oxford	084-01	\$660,000	-\$15,000	\$0	-\$27,373	\$617,627	\$14,919	\$632,546
Hilldale Wtr. Dist.	048-03	\$199,190	\$0	\$0	-\$13,715	\$185,475	\$2,727	\$188,202
Hopewell Wtr. Assoc.	025-01	\$362,000	\$0	\$0	-\$1,169	\$360,831	\$4,428	\$365,259
Horn Lake	033-02	\$860,017	-\$5,297	\$0	-\$93,299	\$761,421	\$12,480	\$773,901
Ingomar Wtr. Assoc.	075-01	\$949,534	-\$42,534	\$0	-\$33,809	\$873,191	\$14,268	\$887,459
Gautier	092-01	\$1,466,757	\$0	\$0	-\$1,232	\$1,465,525	\$101,680	\$1,567,205
J.P Utility District	068-01	\$885,288	\$0	\$0	-\$7,182	\$878,106	\$18,451	\$896,557
Liberty Hill Wtr. Assoc.	081-01	\$269,855	\$0	\$0	-\$137,784	\$132,071	\$1,749	\$133,820
Lewisburg Wtr. Assoc.	091-01	\$1,294,569	\$38,881	\$0	-\$84,913	\$1,248,537	\$20,172	\$1,268,709
Magee's Creek Wtr. Assoc.	087-01	\$955,067	\$0	\$0	\$0	\$955,067	\$18,661	\$973,728
Mt. Comfort Wtr. Assoc.	072-01	\$417,449	\$86,100	\$0	-\$62,792	\$440,757	\$23,236	\$463,993
Nesbit	060-01	\$1,478,730	-\$103,840	\$0	-\$96,500	\$1,278,390	\$13,264	\$1,291,654
Oak Grove Comm. Wtr. Sys.	082-01	\$475,305	\$31,419	\$0	-\$34,586	\$472,138	\$6,593	\$478,731
Ocean Springs	035-02	\$1,109,858	\$43,633	\$0	-\$111,717	\$1,041,774	\$13,044	\$1,054,818
Picayune	065-01	\$325,994	-\$79,142	\$0	\$0	\$246,852	\$6,153	\$253,005
Starkville	073-02	\$1,493,100	-\$143,002	\$0	-\$37,912	\$1,312,186	\$42,547	\$1,354,733
2002 Totals		\$20,820,563	-\$271,350	\$0	-\$1,153,506	\$19,395,707	\$441,590	\$19,837,297
Cum. FY 1997-2002		\$79,927,117	-\$3,806,994	\$125,905	-\$2,226,332	\$74,019,696	\$1,108,341	\$75,128,037

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2003 Loans at 4%								
Adams Co. Wtr. Assoc.	062-04	\$749,460	-\$147,698	\$0	-\$107,671	\$494,091	\$6,417	\$500,508
Bear Creek Wtr. Assoc.	004-04	\$1,500,000	-\$81,461	\$0	-\$29,008	\$1,389,531	\$30,908	\$1,420,439
Fisher Ferry	083-01	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$49,387	\$1,549,387
Highway 28 Wtr. Assoc.	037-02	\$267,981	-\$17,981	\$0	-\$10,739	\$239,261	\$1,334	\$240,595
Lewisburg Wtr. Assoc.	091-02	\$825,195	-\$124,677	\$0	-\$28,111	\$672,407	\$7,791	\$680,198
Morton	089-01	\$1,107,661	-\$3,848	\$0	\$0	\$1,103,813	\$23,748	\$1,127,561
Mt. Comfort Wtr. Assoc.	072-02	\$450,000	-\$29,850	\$0	\$0	\$420,150	\$9,460	\$429,610
Olive Branch	049-03	\$1,222,917	\$235,843	\$0	-\$117,694	\$1,341,066	\$9,469	\$1,350,535
Southaven	067-04	\$1,499,983	-\$13,939	\$0	-\$73,159	\$1,412,885	\$12,283	\$1,425,168
Starkville	073-03	\$1,420,419	\$79,581	\$0	-\$19,704	\$1,480,296	\$93,690	\$1,573,986
Tupelo	090-01	\$1,251,600	-\$141,376	\$0	-\$74,284	\$1,035,940	\$26,173	\$1,062,113
Walls Wtr. Assoc.	101-01	\$1,260,000	-\$86,250	\$0	-\$84,010	\$1,089,740	\$44,899	\$1,134,639
2003 Totals		\$13,055,216	-\$331,656	\$0	-\$544,380	\$12,179,180	\$315,559	\$12,494,739
Cum. FY 1997-2003		\$92,982,333	-\$4,138,650	\$125,905	-\$2,770,712	\$86,198,876	\$1,423,900	\$87,622,776

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2004 Loans at 2.5%								
Bear Creek	004-05	\$1,310,000	\$44,431	\$0	-\$898,060	\$456,371	\$4,576	\$460,947
Corinth	064-02	\$1,383,297	\$116,703	\$0	\$0	\$1,500,000	\$8,951	\$1,508,951
Corinth	064-03	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$11,900	\$1,511,900
Fisher Ferry Wtr. Dist.	083-02	\$823,620	\$600,600	\$0	-\$79,348	\$1,344,872	\$4,667	\$1,349,539
Hatley	070-01	\$1,150,000	\$182,226	\$0	-\$200,567	\$1,131,659	\$6,838	\$1,138,497
Hernando	057-03	\$666,034	-\$210,665	\$0	-\$534	\$454,835	\$1,600	\$456,435
Hilldale Wtr. Dist.	048-04	\$147,000	\$0	\$0	\$0	\$147,000	\$877	\$147,877
Lampton Wtr. Assoc.	106-01	\$577,500	\$462,394	\$0	\$0	\$1,039,894	\$0	\$1,039,894
Lawrence Co. Wtr. Assoc.	099-01	\$319,998	\$45,002	\$0	-\$2,694	\$362,306	\$8,277	\$370,583
Olive Branch	049-04	\$1,480,233	\$0	\$0	-\$1,362,564	\$117,669	\$0	\$117,669
Starkville	073-04	\$774,900	\$203,164	\$0	-\$59,479	\$918,585	\$15,097	\$933,682
2004 Totals		\$10,132,582	\$1,443,855	\$0	-\$2,603,246	\$8,973,191	\$62,783	\$9,035,974
Cum. FY 1997-2004		\$103,114,915	-\$2,694,795	\$125,905	-\$5,373,958	\$95,172,067	\$1,486,683	\$96,658,750

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2005 Loans at 2.5%								
ACL W. A.	101-03	\$336,000	\$41,000	\$0	-\$4,911	\$372,089	\$0	\$372,089
Bear Creek	004-06	\$1,500,000	\$0	\$0	-\$140	\$1,499,860	\$2,916	\$1,502,776
Bear Creek	004-07	\$1,279,110	\$0	\$0	\$0	\$1,279,110	\$0	\$1,279,110
Bear Creek	004-08	\$1,058,400	\$343,530	\$0	\$0	\$1,401,930	\$12,223	\$1,414,153
Fisher Ferry	083-03	\$156,975	\$119,943	\$0	-\$32,192	\$244,726	\$0	\$244,726
Greenfield	040-03	\$570,000	-\$50,803	\$0	\$0	\$519,197	\$0	\$519,197
Lake Lorman	108-01	\$995,400	\$137,335	\$0	\$0	\$1,132,735	\$0	\$1,132,735
Morton	089-02	\$113,400	-\$8,300	\$0	\$0	\$105,100	\$0	\$105,100
Mt. Comfort	072-03	\$213,519	\$0	\$0	-\$205,519	\$8,000	\$0	\$8,000
Olive Branch	049-05	\$1,255,517	\$242,750	\$0	-\$56,738	\$1,441,529	\$2,371	\$1,443,900
So. E. Rankin	030-01	\$855,000	\$0	\$0	\$0	\$855,000	\$7,317	\$862,317
2005 Totals		\$8,333,321	\$825,455	\$0	-\$299,500	\$8,859,276	\$24,827	\$8,884,103
Cum. FY 1997-2005		\$111,448,236	-\$1,869,340	\$125,905	-\$5,673,458	\$104,031,343	\$1,511,510	\$105,542,853

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2006 Loans at 1.95%								
Evergreen WA	115-01	\$917,000	\$43,000	\$0	\$0	\$960,000	\$0	\$960,000
Fannin WA	012-02	\$923,681	\$110,366	\$0	\$0	\$1,034,047	\$0	\$1,034,047
Gautier	114-01	\$683,387	\$0	\$0	\$0	\$683,387	\$0	\$683,387
Gautier	114-02	\$470,475	-\$49,683	\$0	\$0	\$420,792	\$0	\$420,792
Northeast Copiah WA	116-01	\$395,955	\$60,040	\$0	-\$3,909	\$452,086	\$0	\$452,086
Ocean Springs	035-03	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Ocean Springs	035-04	\$1,354,500	-\$130,000	\$0	\$0	\$1,224,500	\$0	\$1,224,500
Ocean Springs	035-05	\$793,989	\$165,000	\$0	\$0	\$958,989	\$0	\$958,989
Porterville WA	117-01	\$1,000,000	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000
Tupelo	090-02	\$643,335	-\$534	\$0	-\$93,869	\$548,932	\$1,600	\$550,532
Walls WA	101-02	\$1,499,715	\$144,800	\$0	\$0	\$1,644,515	\$0	\$1,644,515
Walls WA	101-03	\$1,097,775	-\$8,390	\$0	\$0	\$1,089,385	\$0	\$1,089,385
West Jackson County UD	061-04	\$486,990	\$0	\$0	\$0	\$486,990	\$0	\$486,990
2006 Totals		\$10,182,037	\$342,989	\$0	-\$97,778	\$10,427,248	\$1,600	\$10,428,848
Cum. FY 1997-2006		\$121,630,273	-\$1,526,351	\$125,905	-\$5,771,236	\$114,458,591	\$1,513,110	\$115,971,701

Exhibit 7 DWSIRLF Project Financial Report (cont.)

(As of 9/30/2007)

Loan Recipient	Loan # DWI-H280	Initial Loan Amount	Amendment No. 1	Amendment No. 2	Final Amendment	Loan Amt. Before Int. Added	Interest Accrued/Added to Principal	Final Principal
2007 Loans at 1.95%								
Center Ridge	032-02	\$428,000	\$87,000	\$0	\$0	\$515,000	\$0	\$515,000
Columbus Light & Water	015-03	\$542,934	\$0	\$0	\$0	\$542,934	\$0	\$542,934
Culkin WA	016-02	\$2,380,540	-\$899,303	\$0	\$0	\$1,481,237	\$0	\$1,481,237
Hattiesburg-Laurel Rgl Air	122-01	\$94,190	\$0	\$0	\$0	\$94,190	\$0	\$94,190
Hotophia WA	118-01	\$451,500	\$0	\$0	\$0	\$451,500	\$0	\$451,500
Hub WA	042-02	\$557,812	\$0	\$0	\$0	\$557,812	\$0	\$557,812
Louin, Town of	119-01	\$136,568	\$0	\$0	\$0	\$136,568	\$0	\$136,568
Monterey WA	124-01	\$1,050,000	\$0	\$0	\$0	\$1,050,000	\$0	\$1,050,000
Morton, City of	089-03	\$867,473	\$0	\$0	\$0	\$867,473	\$0	\$867,473
Moss Point, City of	120-01	\$1,155,000	\$0	\$0	\$0	\$1,155,000	\$0	\$1,155,000
North Hinds WA	047-02	\$771,000	\$55,000	\$0	\$0	\$826,000	\$0	\$826,000
Pearl, City of	055-04	\$763,980	\$0	\$0	\$0	\$763,980	\$0	\$763,980
Pearl, City of	055-05	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$0	\$1,500,000
Raymond, City of	125-01	\$534,120	\$0	\$0	\$0	\$534,120	\$0	\$534,120
Southaven, City of	067-05	\$1,897,459	\$0	\$0	\$0	\$1,897,459	\$0	\$1,897,459
Southaven, City of	067-06	\$1,477,613	\$0	\$0	\$0	\$1,477,613	\$0	\$1,477,613
West Jackson County WD	061-03	\$1,280,265	\$0	\$0	\$0	\$1,280,265	\$0	\$1,280,265
2007 Totals		\$8,435,017	-\$757,303	\$0	\$0	\$7,677,714	\$0	\$7,677,714
Cum. FY 1997-2007		\$130,065,290	-\$2,283,654	\$125,905	-\$5,771,236	\$122,136,305	\$1,513,110	\$123,649,415

Exhibit 8 Comparison of Actual and Projected Disbursements

FY 2007 (October 1, 2006 - September 30, 2007)

PROJECTED FY 2007 DISBURSEMENTS	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
From 2005 IUP	\$1,760,000	\$2,120,000	\$193,200	\$0	\$4,073,200
From 2006 IUP	\$335,000	\$345,000	\$1,955,000	\$2,285,000	\$4,920,000
From 2007 IUP	\$0	\$0	\$0	\$2,650,000	\$2,650,000
TOTAL PROJECTED FOR FY 2007	\$2,095,000	\$2,465,000	\$2,148,200	\$4,935,000	\$11,643,200
ACTUAL DWSIRLF DISBURSEMENT TOTAL	\$304,347	\$1,684,746	\$2,408,957	\$2,045,739	\$6,443,789
PERCENT DISBURSED OF PROJECTED	14.53%	68.35%	112.14%	41.45%	55.34%

*Disbursements are a summation of federal ACH drawdowns for loan disbursements only

Exhibit 9 Report of Annual Loan Repayments

**STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
STATE REVOLVING LOAN FUND**

**REPORT OF ANNUAL LOAN REPAYMENTS
SEPTEMBER 30, 2007**

	0-30	30-60	60-120	OVER 120 DAYS
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LOAN REPAYMENTS	\$0.00	\$0.00	\$0.00	\$0.00
OUTSTANDING				
9/30/2007				

Exhibit 10 Completed Projects

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
1	Olive Branch	049-03	L	4.0%	09/30/03	05/15/05	05/15/05	06/19/06	07/07/06	10/04/06	10/11/06	01/12/07	N/A	07/19/26	\$1,222,917
2	Lawrence County	099-01	L	2.5%	07/06/04	10/18/04	01/31/05	08/09/06	08/30/06	10/05/06	10/27/06	12/05/06	N/A	08/05/26	\$319,998
3	Starkville	073-04	L	2.5%	03/09/04	05/12/05	05/12/05	05/18/06	08/29/06	10/19/06	11/08/06	01/12/07	N/A	08/01/26	\$774,900
4	Fisher Ferry Water District	083-03	L	2.5%	09/30/05	05/08/06	05/08/06	09/04/06	09/29/06	10/31/07	11/21/06	01/03/07	N/A	01/01/27	\$156,975
5	Morton	089-02	L	2.5%	09/30/05	06/01/06	06/01/06	10/01/06	10/18/06	12/11/06	12/20/06	03/08/07	N/A	03/08/27	\$113,400
6	Mt. Comfort WA**	072-03	L	2.5%	09/30/05	N/A	N/A	N/A	N/A	12/11/06	12/22/06	01/03/07	N/A	01/03/07	\$213,519
7	Greenfield Wtr. Assoc.	040-02	L	3.0%	02/07/01	03/16/01	03/16/01	01/10/02	01/30/02	03/04/02	03/26/02	06/05/02	N/A	01/11/22	\$466,000
8	Bear Creek Wtr. Assoc.	004-04	L	4.0%	08/29/03	01/05/06	01/05/06	03/30/07	04/26/07	06/11/07	07/02/07	07/16/07	N/A	04/01/27	\$1,500,000
9	Bear Creek Wtr. Assoc.	004-05	L	2.5%	09/30/04	04/07/06	04/07/06	04/02/07	04/26/07	06/12/07	07/02/07	07/16/07	N/A	04/01/27	\$1,310,000
10	Olive Branch	049-05	L	2.5%	05/12/05	05/22/06	05/22/06	04/02/07	05/02/07	08/28/07	09/04/07	09/12/07	N/A	04/17/27	\$1,255,517
11	Northeast Copiah	116-01	L	2.0%	07/17/06	12/10/06	12/10/06	06/21/07	06/21/07	07/24/07	08/14/07	10/01/07	N/A	06/01/27	\$395,955
12	Bear Creek Wtr. Assoc.	004-06	L	2.5%	08/05/05	06/26/06	06/26/06	06/26/07	08/02/07	08/31/07	09/11/07	11/01/07	N/A	08/01/27	\$1,500,000
13	Bear Creek Wtr. Assoc.	004-08	L	2.5%	07/18/05	06/18/06	06/18/06	06/15/07	07/13/07	08/16/07	09/11/07	10/13/07	N/A	07/13/27	\$1,058,400
14	Starkville	073-03	L	4.0%	05/07/03	09/01/04	09/01/04	11/10/06	08/17/07	09/17/07	10/03/07	12/17/07	N/A	08/17/27	\$1,420,419

Initial Loan Total for FY07 Completions  \$11,708,000

*This is the initial loan amount

**This loan chose not to proceed shortly after loan award

Cumulative Initial Loan Total for FY97 - FY2006 Completions \$94,436,441
(See next page for historical record)

GRAND TOTAL DWSRF LOANS COMPLETED  \$106,144,441

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
1	Pleasant Hill Wtr Assoc	007-01	L	4.5%	06/27/97	09/22/97	09/22/97	05/04/98	05/19/98	06/30/98	07/07/98	08/27/98	05/19/99	05/01/13	\$887,366
2	City of D'Iberville	009-01	L	4.5%	08/12/97	07/26/97	N/A	01/20/98	01/28/98	03/31/98	04/24/98	06/09/98	01/28/99	06/09/18	\$659,318
3	ACL Water Assoc.	010-01	L	4.5%	09/19/97	09/12/97	N/A	09/02/98	09/02/98	10/20/98	10/30/98	12/02/98	09/02/99	08/02/18	\$297,465
4	Thomasville Wtr Assoc	014-01	L	4.5%	07/21/97	12/19/97	N/A	08/05/98	08/18/98	10/09/98	10/20/98	03/28/99	08/18/99	09/29/18	\$274,050
5	Columbus Utl. Comm.	015-01	L	4.5%	09/30/97	02/02/98	N/A	08/20/98	09/10/98	11/15/98	12/15/98	01/09/99	09/10/99	09/10/18	\$996,626
6	North Dist. One Wtr.	022-01	L	4.5%	09/30/97	01/02/98	03/09/98	05/28/98	06/23/98	09/22/98	09/30/98	10/01/98	06/23/99	06/23/18	\$151,725
7	Culkin Wtr. Dist.	016-01	L	4.0%	01/30/98	06/24/98	N/A	02/19/99	02/24/99	04/19/99	04/29/99	06/30/99	02/24/00	02/01/19	\$375,378
8	Double Ponds W. D.	013-01	L	4.5%	09/30/97	01/05/98	N/A	08/31/98	10/16/98	01/27/99	02/10/99	03/10/99	10/16/99	10/10/18	\$593,428
9	E. Lowndes Wtr. Asoc.	005-01	L	4.0%	05/05/98	07/13/98	N/A	03/14/99	03/31/99	06/07/99	06/11/99	09/17/99	03/31/00	03/07/19	\$920,600
10	City of Long Beach	008-01	L	4.5%	9/90/97	02/16/98	05/04/98	01/08/99	01/29/99	05/25/99	05/26/99	08/11/99	01/29/00	01/01/19	\$900,271
11	City of Long Beach	008-02	L	4.5%	09/30/97	02/23/98	N/A	01/13/99	02/11/99	04/12/99	04/27/99	08/11/99	02/11/00	01/01/19	\$310,659
12	City of Magnolia	020-01	L	4.5%	09/22/97	12/15/97	N/A	03/12/99	04/06/99	07/27/99	08/17/99	10/01/99	04/06/00	04/01/19	\$1,000,000
13	City of Magnolia	020-02	L	4.5%	09/22/97	12/15/97	N/A	03/12/99	04/06/99	07/27/99	08/17/99	10/01/99	04/06/00	04/01/19	\$1,000,000
14	Mt. Gilead/Imp. W. A.	021-01	L	4.5%	09/30/97	03/02/98	04/23/98	01/28/99	02/19/99	04/02/99	04/12/99	06/05/99	02/19/00	02/05/19	\$385,875
15	NE MS Reg. WSD	029-01	L	4.0%	05/18/98	08/03/98	N/A	07/27/99	08/25/99	10/21/99	10/28/99	01/10/00	08/25/00	08/10/19	\$1,000,000
16	NE MS Reg. WSD	029-02	L	4.0%	08/24/98	10/12/98	N/A	08/23/99	08/25/99	10/21/99	10/28/99	01/10/00	08/25/00	08/10/19	\$868,814
17	Pleasant Hill Wtr. Aso.	007-02	L	4.0%	08/07/98	11/23/98	11/23/98	03/10/99	03/24/99	06/01/99	06/07/99	07/12/99	03/24/00	03/01/14	\$535,000
18	Bear Creek Wtr. Asoc.	004-01	L	4.5%	08/26/97	12/26/97	03/27/98	10/05/98	10/21/98	01/27/99	02/09/99	03/08/99	10/21/99	10/10/18	\$997,500
19	Fannin Wtr. Assoc.	012-01	L	4.5%	09/30/97	03/16/98	05/08/98	10/12/98	10/16/98	01/22/99	01/26/99	03/02/99	10/16/99	10/01/18	\$638,958
20	Leesburg Wtr. Assoc.	018-01	L	4.5%	09/30/97	02/23/98	N/A	10/22/98	11/05/98	01/25/99	02/08/99	03/10/99	11/05/99	11/10/18	\$292,950
21	Progress Com. W. A.	002-01	L	4.5%	09/10/97	01/02/98	02/16/98	09/10/98	10/08/98	05/17/99	05/26/99	06/10/99	10/08/99	10/10/18	\$615,300
22	E. Leflore Co. W.S.D.	028-01	L	4.0%	09/18/98	10/24/98	N/A	07/06/99	08/04/99	10/20/99	11/12/99	12/01/99	08/04/00	08/01/19	\$298,920
23	Bunker Hill W. A.	036-01	L	4.0%	09/15/98	10/19/98	N/A	05/17/99	05/20/99	07/14/99	07/22/99	08/16/99	05/20/00	05/01/19	\$142,289

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
24	Ced. Grove Harm. W A	001-01	L	4.5%	09/30/97	08/18/97	01/06/98	04/01/99	04/16/99	06/21/99	07/06/99	08/31/99	04/16/00	04/01/19	\$296,179
25	City of Columbus	015-02	L	3.0%	09/10/99	11/15/99	N/A	08/11/00	08/11/00	11/09/00	12/08/00	02/09/01	08/11/01	08/11/20	\$718,952
26	Jayess-Topeka-Tilton	045-01	L	3.0%	09/30/99	12/13/99	N/A	07/05/00	08/04/00	11/05/00	12/05/00	01/19/01	07/05/01	10/19/20	\$324,192
27	City of D'Iberville	009-02	L	3.0%	09/30/99	02/14/00	N/A	07/13/00	07/26/00	10/04/00	11/03/00	01/09/01	07/13/01	07/13/20	\$858,731
28	Greenfield Wtr. Assoc.	040-01	L	3.0%	03/01/99	05/21/99	N/A	03/02/00	03/15/00	04/19/00	05/10/00	09/05/00	03/15/01	03/10/20	\$322,000
29	Langford Wtr. Assoc.	046-01	L	3.0%	04/19/99	07/31/99	N/A	05/26/00	06/08/00	07/06/00	07/30/00	09/22/00	06/08/01	06/06/20	\$378,998
30	Town of Marion	006-01	L	4.0%	09/30/98	07/30/99	N/A	07/06/00	07/07/00	09/13/00	09/18/00	12/01/00	07/07/01	07/01/20	\$620,414
31	City of Pascagoula	044-01	L	3.0%	09/02/99	08/02/99	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$1,000,000
32	City of Pascagoula	044-02	L	3.0%	09/02/99	08/02/99	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$1,000,000
33	City of Pascagoula	044-03	L	3.0%	09/30/99	01/04/00	N/A	04/27/00	05/10/00	07/14/00	07/26/00	10/09/00	05/10/01	05/01/20	\$371,700
34	City of Purvis	041-01	L	3.0%	08/26/99	12/15/99	N/A	06/15/00	06/29/00	09/08/00	09/14/00	12/01/00	06/29/01	06/01/20	\$696,995
35	Yokena-Jeff Davis	019-01	L	4.0%	09/30/98	05/28/99	N/A	01/08/00	01/21/00	04/14/00	05/05/00	06/01/00	12/28/00	01/10/20	\$740,775
36	Bunker Hill W. A.**	036-02	L	3.0%	09/30/99	12/31/99	N/A	N/A	N/A	07/31/00	08/11/00	09/25/00	N/A	06/01/20	\$50,972
37	Algoma Water Assoc.	034-01	L	3.0%	05/31/00	09/05/00	09/05/00	08/08/01	08/21/01	11/20/01	12/20/01	01/03/02	08/21/02	08/01/21	\$991,200
38	Eagle Lake Wtr. Dist.	051-01	L	3.0%	09/29/00	11/15/00	N/A	07/13/01	08/13/01	10/24/01	11/06/01	12/10/01	04/13/02	08/10/21	\$359,101
39	Mt. Gilead/Imp. W. A.	021-02	L	3.0%	09/29/00	03/23/01	N/A	06/06/01	06/28/01	08/17/01	08/28/01	10/16/01	06/28/02	09/03/21	\$85,313
40	NE MS Reg. WSD	029-03	L	3.0%	09/30/99	05/01/00	N/A	05/25/01	06/19/01	08/20/01	08/23/01	11/15/01	06/19/02	06/15/21	\$1,000,000
41	Tri-Lake Rural W.A	024-01	L	3.0%	07/10/00	11/15/00	N/A	07/13/01	08/09/01	11/08/01	11/12/01	02/08/02	08/09/02	08/08/21	\$278,522
42	Hilldale WSD	048-01	L	3.0%	07/10/00	08/01/00	08/01/00	02/23/01	03/20/01	05/24/01	06/14/01	08/06/01	12/28/01	03/05/21	\$374,365
43	City of Horn Lake	033-01	L	3.0%	07/01/99	10/22/99	N/A	11/14/00	11/21/00	02/07/01	03/06/01	04/18/01	11/20/01	11/01/20	\$1,000,000
44	Hub Water Assoc.	042-01	L	3.0%	09/30/99	02/01/00	N/A	10/07/00	10/24/00	01/03/01	01/19/01	03/10/01	11/06/01	10/10/20	\$327,600
45	Hwy. 28 Water Assoc.	037-01	L	3.0%	09/07/01	09/09/00	N/A	06/29/01	07/20/01	09/07/01	09/26/01	11/10/01	07/20/02	07/10/21	\$250,000
46	City of Long Beach	008-03	L	3.0%	12/22/99	03/20/00	N/A	02/12/01	03/13/01	05/23/01	05/28/01	08/08/01	03/13/02	03/01/21	\$306,257
47	North Hinds W.A.	047-01	L	3.0%	07/14/00	07/01/00	07/01/00	06/22/01	07/13/01	08/20/01	08/27/01	11/08/01	07/13/02	07/13/21	\$666,070

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
48	City of Ocean Springs	035-01	L	3.0%	05/01/00	07/17/00	N/A	02/12/01	02/28/01	04/19/01	05/19/01	06/11/01	02/28/02	03/01/21	\$982,067
49	Center Ridge W. A.	032-01	L	3.0%	08/20/99	09/26/99	10/07/99	10/05/00	10/27/00	01/11/01	01/23/01	03/06/01	10/27/01	10/11/20	\$564,000
50	Central Rankin W.A.	078-01	L	3.5%	02/15/02	03/07/02	N/A	09/03/02	09/26/02	11/15/02	12/07/02	02/10/03	09/26/03	09/10/22	\$204,500
51	Glendale Utility Dist.	023-01	L	3.0%	09/01/01	11/21/01	02/11/02	08/27/02	09/17/02	01/08/03	02/07/03	04/08/03	09/17/03	10/10/22	\$860,675
52	City of Pearl	055-03	L	3.0%	09/21/01	11/19/01	N/A	09/15/02	09/26/02	11/15/02	12/07/02	02/26/03	09/26/03	09/26/23	\$777,000
53	Town of Farmington	058-01	L	3.0%	08/27/01	11/14/01	11/14/01	06/15/02	06/26/02	08/26/02	08/28/02	10/10/02	06/26/03	06/10/22	\$877,109
54	City of Carthage	056-01	L	3.0%	09/29/00	03/05/01	N/A	12/21/01	01/10/02	04/05/02	04/09/02	07/12/02	01/10/03	01/01/22	\$584,837
55	Town of Gloster	059-01	L	3.0%	09/29/00	06/25/01	06/25/01	11/30/01	12/20/01	02/05/02	02/14/02	05/01/02	12/20/02	12/01/21	\$262,500
56	Town of Gloster	059-02	L	3.0%	08/31/01	12/04/01	N/A	06/25/02	07/24/02	09/04/02	09/09/02	11/10/02	07/24/03	07/10/22	\$328,125
57	Greenfield Wtr. Assoc.	040-02	L	3.0%	02/07/01	03/16/01	N/A	01/10/02	01/30/02	03/04/02	03/26/02	06/05/02	01/30/03	01/11/22	\$466,000
58	City of Hernando	057-01	L	3.0%	08/25/00	03/05/01	03/12/01	10/07/01	10/24/01	12/20/01	01/04/02	03/14/02	10/24/02	10/10/21	\$891,870
59	Hilldale WSD	048-02	L	3.0%	08/20/01	09/24/01	N/A	09/24/01	05/16/02	07/17/02	07/23/02	09/03/02	04/22/03	05/10/22	\$468,535
60	Highway 98 East WA	050-01	L	3.0%	09/29/00	09/18/00	05/11/01	10/29/01	11/26/01	03/07/02	03/12/02	04/02/02	11/26/02	11/10/21	\$913,947
61	NE MS Reg. WSD	029-04	L	3.0%	09/29/00	04/25/01	N/A	03/25/02	04/18/02	05/24/02	06/27/02	08/02/02	04/18/03	04/10/22	\$1,500,000
62	City of Olive Branch	049-01	L	3.0%	09/29/00	03/20/01	N/A	09/17/01	10/02/01	01/30/02	02/04/02	04/05/02	10/02/02	10/02/21	\$1,056,950
63	City of Olive Branch	049-02	L	3.0%	09/29/00	03/20/01	N/A	11/20/01	12/11/01	02/09/02	02/25/02	06/11/02	12/11/02	12/01/21	\$1,441,184
64	City of Pascagoula	044-04	L	3.0%	07/24/01	12/05/01	02/18/02	05/31/02	06/20/02	09/09/02	09/27/02	10/09/02	11/10/02	06/10/22	\$1,500,000
65	City of Pascagoula	044-05	L	3.0%	07/30/01	05/04/01	11/12/01	05/31/02	06/20/02	09/10/02	09/27/02	11/10/02	06/20/03	06/10/22	\$739,200
66	City of Pascagoula	044-06	L	3.0%	07/30/01	10/08/01	N/A	05/31/02	06/20/02	09/12/02	09/27/02	12/10/02	06/20/03	06/10/22	\$1,500,000
67	Soso Comm. Wtr. Sys.	066-01	L	3.0%	06/22/01	10/01/01	N/A	06/27/02	07/15/02	10/11/02	10/18/02	12/10/02	07/15/03	07/10/22	\$276,231
68	SW Covington WA	054-01	L	3.0%	09/29/00	07/25/01	N/A	04/16/02	05/09/02	06/28/02	07/16/02	08/06/02	05/09/03	04/10/22	\$345,051
69	Union Wtr. Assoc.	053-01	L	3.0%	01/19/01	01/08/01	01/08/01	12/04/02	12/04/01	02/04/02	02/26/02	04/04/02	12/04/02	11/10/21	\$340,000
70	W. Jackson Co. U.D.	061-01	L	3.0%	07/09/01	09/01/01	N/A	12/10/01	11/19/01	02/15/02	03/12/02	04/05/02	11/19/02	11/19/21	\$139,351

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
71	Pleasant Hill Wtr. Asoc.	007-03	L	3.0%	07/07/00	10/25/00	11/27/00	09/28/01	10/25/01	12/21/01	12/24/01	12/03/01	10/25/02	10/10/16	\$698,250
72	Cleary Heights WSFD	074-01	L	3.5%	08/26/02	11/04/02	12/03/02	08/22/03	09/03/03	12/03/03	12/30/03	01/03/04	09/03/04	09/03/23	\$779,647
73	J. P. Utility Dist.	068-01	L	3.5%	07/11/02	01/02/03	01/02/03	08/05/03	08/20/03	12/18/03	01/18/04	02/15/04	08/20/04	08/15/23	\$885,288
74	City of West Point	071-01	L	3.0%	09/28/01	11/11/02	N/A	09/03/03	09/23/03	12/17/03	12/21/03	02/15/04	09/23/04	04/18/23	\$1,500,000
75	Ingomar Wtr. Assoc.	075-01	L	3.5%	08/13/02	10/28/02	10/28/02	07/16/03	08/05/03	11/17/03	12/17/03	01/05/04	08/05/04	08/05/23	\$949,534
76	ACL Water Assoc.	010-02	L	3.5%	05/10/02	05/30/02	10/24/02	03/26/03	04/17/03	06/05/03	06/06/03	08/11/03	04/17/04	04/10/23	\$475,000
77	Adams Co. Wtr. Assoc.	062-01	L	3.0%	08/30/01	03/25/02	04/08/02	03/24/03	04/15/03	05/21/03	06/04/03	07/15/03	04/15/04	07/15/23	\$950,691
78	Adams Co. Wtr. Assoc.	062-02	L	3.0%	08/30/01	04/08/02	10/21/02	05/21/03	06/11/03	08/12/03	08/14/03	09/25/03	06/11/04	06/11/23	\$1,124,211
79	Bear Creek Wtr. Assoc.	004-02	L	3.0%	09/28/01	02/11/02	N/A	03/24/03	04/22/03	06/05/03	07/09/03	07/11/03	04/22/04	04/01/23	\$1,468,200
80	Bunker Hill Wtr. Assoc.	036-03	L	3.0%	09/25/01	04/15/02	N/A	11/29/02	12/18/02	02/03/03	02/10/03	04/01/03	12/18/03	12/01/22	\$280,983
81	Corinth Utility Comm.	064-01	L	3.5%	04/03/02	09/30/02	N/A	07/27/03	08/20/03	10/20/03	10/23/03	12/01/03	08/20/04	08/01/23	\$1,500,000
82	Hilldale WSD	048-03	L	3.5%	05/24/02	06/03/02	N/A	01/31/03	02/25/03	04/08/03	04/29/03	06/02/03	02/25/04	02/01/23	\$199,190
83	Hopewell Wtr. Assoc.	025-01	L	3.5%	09/06/02	11/18/02	11/25/02	05/23/03	06/12/03	08/13/03	08/20/03	09/26/03	06/12/04	06/01/23	\$362,000
84	Improve Wtr. Assoc.	080-01	L	3.0%	09/28/01	11/26/01	N/A	05/26/03	07/01/03	08/21/03	08/25/03	09/30/03	07/01/04	06/01/23	\$334,323
85	Leesburg Wtr. Assoc.	018-02	L	3.0%	09/28/01	03/04/02	05/06/02	03/31/03	04/24/03	06/04/03	06/09/03	08/05/03	04/24/04	04/01/23	\$756,677
86	Liberty Hill Wtr. Assoc.	081-01	L	3.5%	06/01/02	09/03/02	N/A	03/03/03	03/12/03	06/09/03	06/23/03	08/11/03	02/29/04	03/09/23	\$269,855
87	Town of No. Carrollton	063-01	L	3.0%	09/04/01	01/18/02	01/18/02	03/13/03	03/13/03	05/09/03	06/03/03	07/07/03	03/13/04	03/01/23	\$1,368,881
88	New Hope Wtr. Assoc.	076-01	L	3.0%	09/28/01	04/25/02	04/25/02	01/17/03	02/11/03	04/16/03	05/05/03	07/07/03	01/20/04	02/10/23	\$416,602
89	City of Pearl	055-01	L	3.0%	09/28/01	06/10/02	N/A	12/07/02	01/06/03	02/27/03	03/24/03	05/13/03	01/06/04	01/01/23	\$508,030
90	City of Southaven	067-01	L	3.0%	08/01/01	03/04/02	03/04/02	11/30/02	12/17/02	02/11/03	02/13/03	05/13/03	12/17/03	11/28/22	\$1,500,000
91	City of Southaven	067-03	L	3.0%	08/01/01	03/15/02	N/A	05/19/03	06/10/03	08/11/03	08/17/03	11/24/03	06/10/04	06/01/23	\$1,457,794
92	City of Starkville	073-01	L	3.0%	09/28/01	12/17/01	N/A	10/15/02	11/08/02	12/27/02	01/09/03	03/10/03	11/08/03	11/01/22	\$733,310
93	City of Hernando	057-02	L	3.0%	09/28/01	02/23/02	02/23/02	09/20/02	10/08/02	12/16/02	12/20/02	02/01/03	10/09/03	09/10/22	\$547,074

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
94	City of Southaven	067-02	L	3.0%	08/10/01	02/25/02	N/A	10/25/02	11/19/02	02/05/03	02/07/03	05/13/03	11/19/03	11/01/22	\$1,486,068
95	Adams Co. Wtr. Assoc.	062-03	L	3.5%	09/10/02	04/30/03	N/A	06/21/04	07/07/04	08/23/04	09/14/04	10/28/04	06/15/05	07/01/24	\$765,529
96	Adams Co. Wtr. Assoc.	062-04	L	4.0%	05/16/03	12/15/03	N/A	06/25/04	07/07/04	08/24/04	09/14/04	10/28/04	07/25/05	07/01/24	\$749,460
97	Clinton	088-01	L	3.5%	09/30/02	01/27/03	10/21/03	01/28/04	02/12/04	05/20/04	06/09/04	07/06/04	02/11/05	02/01/24	\$1,429,475
98	Collinsville Wtr. Assoc.	069-01	L	3.5%	09/30/02	04/02/03	06/15/03	03/11/04	04/06/04	07/01/04	07/01/04	08/05/04	04/06/05	06/06/24	\$1,495,603
99	East Oxford	084-01	L	3.5%	07/25/02	10/21/02	10/21/02	01/21/04	02/11/04	04/13/04	04/28/04	06/01/04	02/11/05	06/01/24	\$660,000
100	Lewisburg W.A.	091-01	L	3.5%	09/16/02	02/24/03	08/18/03	07/20/04	08/03/04	09/30/04	11/04/04	11/04/04	08/03/05	08/03/24	\$1,294,569
101	Lewisburg W.A.	091-02	L	4.0%	05/30/03	01/05/04	N/A	08/01/04	08/31/04	09/30/04	10/30/04	11/03/04	08/31/05	08/31/24	\$825,195
102	Oak Grove	082-01	L	3.5%	06/10/02	11/25/02	02/17/03	11/27/03	12/12/03	01/07/04	01/28/04	04/01/04	12/12/04	12/01/23	\$475,305
103	Ocean Springs	035-02	L	3.5%	08/10/02	01/06/03	02/22/03	03/23/04	04/20/04	06/14/04	07/07/04	08/01/04	04/20/05	04/01/24	\$1,109,858
104	Southaven	067-04	L	4.0%	05/30/03	01/06/04	N/A	06/30/04	07/13/04	08/24/04	09/13/04	11/01/04	07/13/05	11/01/24	\$1,499,983
105	Starkville	073-02	L	3.5%	06/27/02	12/18/02	12/18/02	06/10/04	06/10/04	09/03/04	09/22/04	11/12/04	06/10/05	06/03/24	\$1,493,100
106	Bear Creek Wtr. Assoc.	004-03	L	3.5%	06/27/02	11/16/02	N/A	10/10/03	10/29/03	12/23/03	01/08/04	01/12/04	10/29/04	10/01/23	\$968,096
107	Horn Lake	033-02	L	3.5%	08/15/02	10/21/02	04/15/03	09/10/03	10/02/03	12/08/03	12/13/03	02/10/04	10/07/04	02/10/24	\$860,017
108	Highway 28 Wtr. Assoc.	037-02	L	4.0%	05/09/03	08/18/03	N/A	04/14/04	04/19/04	05/12/04	05/24/04	08/12/04	N/A	04/01/24	\$267,981
109	Nesbit Wtr. Assoc.	060-01	L	3.5%	07/15/02	10/28/02	03/06/03	10/02/03	10/20/03	12/11/03	12/16/03	02/20/04	11/08/04	02/20/24	\$1,478,730
110	Picayune	065-01	L	3.5%	05/14/02	01/07/03	N/A	09/03/03	10/03/03	01/05/04	02/03/04	04/13/04	10/03/04	10/01/23	\$325,994
111	Magee's Creek WA	087-01	L	3.5%	09/16/02	11/04/02	02/10/03	12/11/03	01/07/04	02/18/04	03/04/04	05/01/04	01/07/05	06/11/04	\$955,067
112	Mt. Comfort WA	072-01	L	3.5%	08/01/02	11/18/02	09/04/03	11/01/04	12/01/04	06/24/05	06/30/05	07/22/05	12/01/05	12/01/24	\$417,449
113	City of Morton	089-01	L	4.0%	09/30/03	05/01/04	05/01/04	03/03/05	03/03/05	04/20/05	05/20/05	07/08/05	N/A	03/01/25	\$1,107,661
114	Mt. Comfort WA	072-02	L	4.0%	04/07/03	09/02/03	09/02/03	09/30/04	10/07/04	12/03/04	12/12/04	02/01/05	N/A	01/31/24	\$450,000
115	Tupelo	090-01	L	4.0%	05/05/03	03/01/04	03/01/04	04/30/05	05/19/05	07/11/05	07/13/05	10/01/05	N/A	05/01/25	\$1,251,600
116	ACL Water Assoc.	010-03	L	2.5%	09/30/05	11/28/05	11/28/05	04/10/06	04/27/06	05/27/06	07/07/06	09/01/06	N/A	04/27/26	\$336,000

Exhibit 10 (Continued) Historical Record of Projects Completed Through FY 2006

Number	Project Name Communities Served	DWI- H280	* Type	Int. Rate on Loan	Award Date	Start 1st Ct	Start Last Ct	Elig End Last Ct	Final Inspect	FDL&Repay to LR	LR Exec Repay	First Repay	PPC	Final Repay	Loan Amount *
117	Fisher Ferry Water Distri	083-01	L	4.0%	06/15/03	04/26/04	10/25/04	03/20/06	04/11/06	05/26/06	06/20/06	07/26/06	N/A	08/01/26	\$1,500,000
118	Fisher Ferry Water Distri	083-02	L	2.5%	06/01/04	03/03/05	03/21/05	04/10/06	04/11/06	08/22/06	09/20/06	07/26/06	N/A	04/01/26	\$823,620
119	Fisher Ferry Water Distri	083-03	L	2.5%	09/30/05	05/08/06	05/08/06	09/04/06	09/29/06	10/31/06	11/21/06	01/03/07	N/A	09/08/26	\$156,975
120	Hatley	070-01	L	2.5%	01/05/04	05/09/05	05/09/05	12/04/05	12/21/05	02/13/06	03/07/06	03/17/06	N/A	12/01/25	\$1,150,000
121	Hernando	057-03	L	2.5%	07/15/04	06/17/05	06/17/05	12/16/05	01/10/06	03/02/06	03/09/06	06/01/06	N/A	01/01/26	\$666,034
122	Hilldale WSD	048-04	L	2.5%	09/10/04	05/16/05	05/16/05	11/12/05	11/28/05	01/02/06	01/02/06	03/02/06	N/A	11/02/25	\$147,000
123	Gautier	092-01	L	3.5%	09/30/02	05/27/03	05/27/03	10/13/04	01/10/06	08/02/06	07/26/06	11/14/06	01/10/07	01/21/26	\$1,466,757
124	Lawrence County	099-01	L	2.5%	07/06/04	10/18/04	01/31/05	08/09/06	08/30/06	10/05/06	10/27/06	12/05/06	N/A	08/05/26	\$319,998
125	Olive Branch	049-03	L	4.0%	09/30/03	05/15/05	05/15/05	06/19/06	07/07/06	10/04/06	11/11/06	01/12/07	N/A	07/19/26	\$1,222,917
126	Starkville	073-04	L	2.5%	03/09/04	05/12/05	05/12/05	05/18/06	08/29/06	10/19/06	11/08/06	01/12/07	N/A	08/01/26	\$774,900
127	Walls	101-01	L	4.0%	08/11/03	02/16/04	02/23/04	10/31/05	11/17/05	01/18/06	01/24/06	02/27/06	N/A	11/01/25	\$1,260,000

TOTAL

FY1997 - FY2006 CUMULATIVE TOTAL

\$94,436,441

*This is the initial loan amount

**No construction was ever performed on this project.

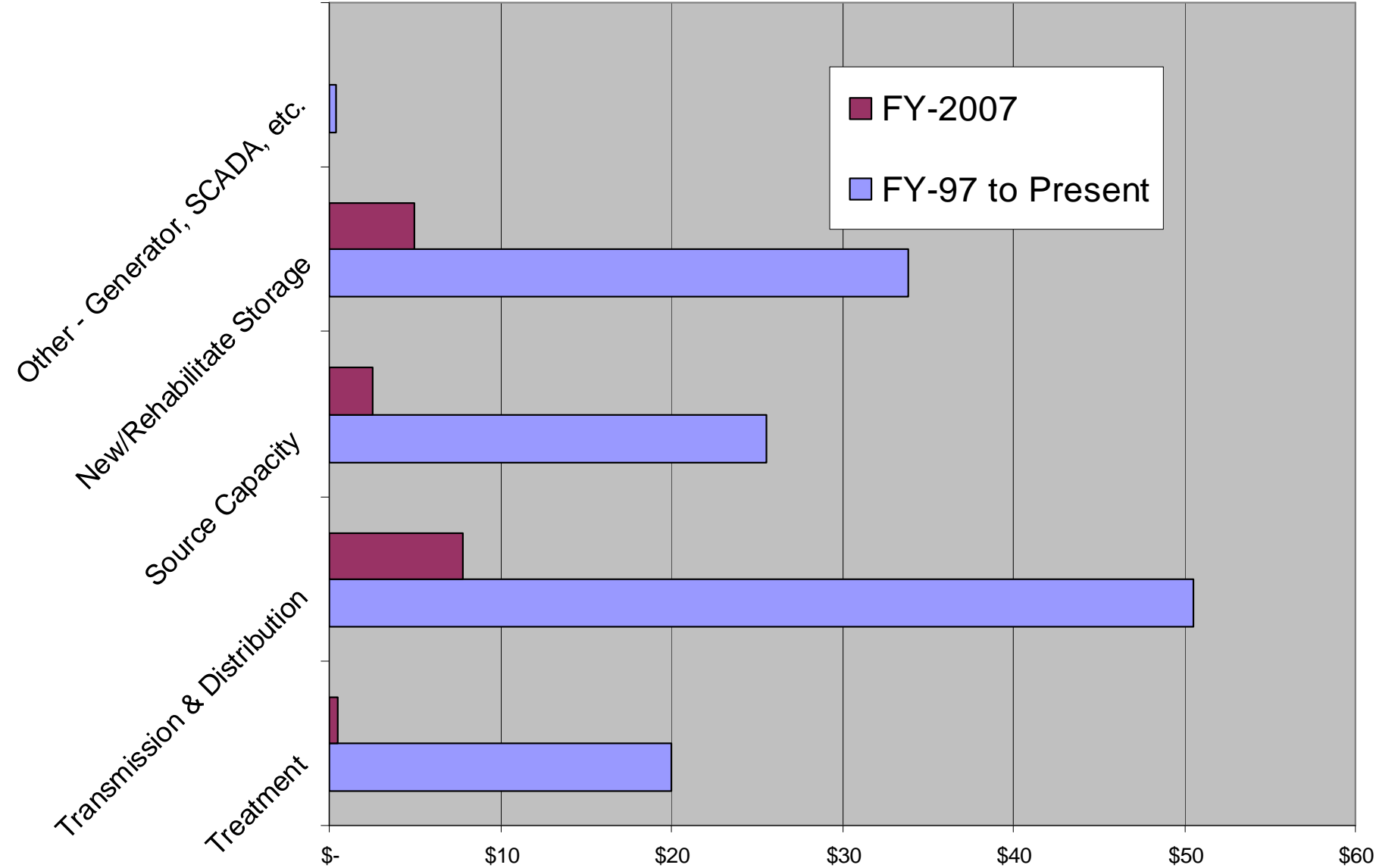
Exhibit 11 State of Mississippi DWSIRLF Cash Flows

YEAR	BEGINNING BALANCE	TOTAL STATE MATCH	INTEREST INCOME	PENALTY INCOME	AGGREGATE LOAN REPAYMENTS	INCREASE IN SRF BALANCE	STATE FUNDS DISBURSEMENTS	NET CHANGE	ENDING BALANCE
1997	\$0.00	\$10,000,000.00	\$0.00	\$0.00	\$0.00	\$10,000,000.00	\$441,669.13	\$9,558,330.87	\$9,558,330.87
1998	\$9,558,330.87	\$0.00	\$541,667.99	\$0.00	\$27,707.52	\$569,375.51	\$1,395,095.44	-\$825,719.93	\$8,732,610.94
1999	\$8,732,610.94	\$0.00	\$593,954.24	\$0.00	\$425,449.76	\$1,019,404.00	\$1,100,712.75	-\$81,308.75	\$8,651,302.19
2000	\$8,651,302.19	\$0.00	\$807,674.90	\$0.00	\$1,037,720.05	\$1,845,394.95	\$1,464,657.66	\$380,737.29	\$9,032,039.48
2001	\$9,032,039.48	\$5,000,000.00	\$782,160.61	\$0.00	\$1,620,835.87	\$7,402,996.48	\$1,850,714.05	\$5,552,282.43	\$14,584,321.91
2002	\$14,584,321.91	\$0.00	\$450,124.77	\$0.00	\$3,856,537.65	\$4,306,662.42	\$3,001,363.85	\$1,305,298.57	\$15,889,620.48
2003	\$15,889,620.48	\$0.00	\$258,187.64	\$0.00	\$3,097,323.99	\$3,355,511.63	\$3,531,837.20	-\$176,325.57	\$15,713,294.91
2004	\$15,713,294.91	\$0.00	\$173,422.00	\$0.00	\$5,228,781.00	\$5,402,203.00	\$6,919,320.00	-\$1,517,117.00	\$14,196,177.91
2005	\$14,196,177.91	\$1,740,000.00	\$420,431.28	\$0.00	\$5,455,939.95	\$7,616,371.23	\$213,362.79	\$7,403,008.44	\$21,599,186.35
2006	\$21,599,486.35	\$4,003,000.00	\$830,827.16	\$0.00	\$5,434,025.93	\$10,267,853.09	\$1,514,788.00	\$8,753,065.09	\$30,352,551.44
2007	\$30,352,551.44	\$0.00	\$1,580,179.00	\$0.00	\$6,047,052.00	\$7,627,231.00	\$3,066,044.00	\$4,561,187.00	\$34,913,738.44

Exhibit 12 DWSIRLF Loan Payments Disbursement Record

FY2007 QUARTER	# PROJECTS	STATE FUNDS	FEDERAL FUNDS	TOTAL
1	21	\$1,604,344	\$304,347	\$1,908,691
2	13	\$401,110	\$1,684,746	\$2,085,856
3	19	\$573,533	\$2,408,957	\$2,982,490
4	15	\$487,057	\$2,045,739	\$2,532,796
YEARLY TOTALS	68	\$3,066,044	\$6,443,789	\$9,509,833

Exhibit 13 Funding Uses for the DWSRF in Millions



ATTACHMENTS

Attachment 1 Annual Audit Report

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS REVOLVING LOAN FUND

Audited Financial Statements
June 30, 2007
(With Comparative Totals for June 30, 2006)

State of Mississippi
Department of Health
Drinking Water Improvements Revolving Loan Fund

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements:	
Balance Sheet.....	4
Statement of Revenues, Expenditures and Changes in Fund Balance.....	5
Notes to the Financial Statements.....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Independent Auditor's Report on Compliance With the Requirements Applicable to the Environmental Protection Agency's Capitalization Grants for Drinking Water State Revolving Funds in Accordance with <i>Government Auditing Standards</i>	15

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

Independent Auditor's Report

Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the accompanying financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements referred to above are intended to present only the financial position and results of operations of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi. These statements are not intended to present the financial position and results of operations for the State of Mississippi or the Mississippi State Department of Health, of which the Fund is a part.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Fund as of June 30, 2007 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 24, 2007, on our consideration of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is fluid and cursive, with the letters "W" and "L" being particularly prominent.

Windham and Lacey, PLLC
September 24, 2007

DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS REVOLVING LOAN FUND

FINANCIAL STATEMENTS

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
BALANCE SHEET
JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR 2006)

ASSETS	2007	2006
Equity in internal investment pool	\$ 34,327,254	\$ 26,410,948
Receivables:		
Loans receivable	41,739,964	34,610,562
Due from other governments	40,435,378	40,263,535
Due from federal government	1,411,729	1,005,806
Interest receivable on investments	43,222	285
TOTAL ASSETS	\$ 117,957,547	\$ 102,291,136
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Warrants payable	\$ 54,701	\$ 133,411
Accounts payable	314,815	818
Due to other funds	93,702	127,281
Due to local governments	1,260,782	304,086
TOTAL LIABILITIES	1,724,000	565,596
FUND BALANCE:		
Reserved for long-term portion of loans receivable	40,091,223	33,149,005
Reserved for long-term portion of due from other governments	38,625,611	38,855,305
Reserved for encumbrances		32,806
Unreserved	37,516,713	29,688,424
TOTAL FUND BALANCE	116,233,547	101,725,540
TOTAL LIABILITIES AND FUND BALANCE	\$ 117,957,547	\$ 102,291,136

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
DEPARTMENT OF HEALTH
DRINKING WATER IMPROVEMENTS
REVOLVING LOAN FUND PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2007
(WITH COMPARATIVE TOTALS FOR 2006)

	<u>2007</u>	<u>2006</u>
REVENUES:		
Interest on loans	\$ 2,700,756	\$ 2,449,040
Interest on investments	1,454,521	749,922
Federal programs	<u>7,756,307</u>	<u>9,692,784</u>
 TOTAL REVENUES	 <u>11,911,584</u>	 <u>12,891,746</u>
EXPENDITURES:		
Administrative expenses	<u>647,055</u>	<u>805,524</u>
 TOTAL EXPENDITURES	 <u>647,055</u>	 <u>805,524</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>11,264,529</u>	 <u>12,086,222</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from bonds issued	4,003,000	
Transfers, net	<u>(759,522)</u>	<u>(1,135,140)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>3,243,478</u>	 <u>(1,135,140)</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 14,508,007	 10,951,082
FUND BALANCE:		
Beginning of Year	<u>101,725,540</u>	<u>90,774,458</u>
 End of Year	 <u>\$ 116,233,547</u>	 <u>\$ 101,725,540</u>

See accompanying Notes to Financial Statements.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

1. ORGANIZATION OF THE FUND.

The Mississippi State Legislature established the Drinking Water Improvements Revolving Loan Fund (the Fund) pursuant to the federal Safe Drinking Water Act Amendments of 1996. The Act created the revolving loan fund program to provide low interest rate loans to counties, municipalities, districts and other tax-exempt water systems organizations for construction of new water systems, the expansion or repair of existing water systems and/or the consolidation of new or existing water systems. The State law further provides that any such federal funds shall be used and expended only in accordance with federal laws, rules and regulations governing the expenditure of such funds. The State law created the Local Governments and Rural Water Systems Improvements Board (the Board) to implement loan programs and otherwise administer provisions of the law.

Loans are awarded on a priority system, which gives maximum priority to projects needed to comply with the federal Safe Drinking Water Act (SDWA), projects that provide the greatest protection to public health and those projects which assist systems most in need on a per household basis. Interest rates charged on loans will be at or below market interest rates as determined by the Board, with up to 20 years allowed for repayment. Previously each loan was limited to a maximum of \$1,500,000. The legislature has now removed that maximum and given the Board the authorization to limit the amount of the loans given to a particular loan recipient.

Federal funds are provided through federal capitalization grants pursuant to Section 1452 of the SDWA Amendments of 1996. The amount of each grant is determined by the State's U.S. Environmental Protection Agency (EPA) allocated share of the annual federal appropriation for the program. The award of each grant is conditioned on the State depositing an amount into the Fund equaling 20% of the amount of each federal capitalization grant. The State Legislature authorized the issuance of the state general obligation bonds to provide state funds for the program. \$20,743,000 of the proceeds from the sale of these bonds have been deposited into the Fund. These funds are invested by the State Treasurer until such time that the funds are needed to meet state matching requirements on loan payments. As of June 30, 2007, the EPA had awarded \$92,347,400 in capitalization grants to the State, requiring \$18,469,480 in state matching funds.

The Fund is administered by the Mississippi State Department of Health (MSDH) under the direction of the Board. MSDH's primary activities include loans for drinking water systems and management and coordination of the Fund. The Board consists of the following nine voting members: the State Health Officer; the Executive Directors of the Mississippi Development Authority; the Department of Environmental Quality; the Department of Finance and Administration; the Mississippi Association of Supervisors; the Mississippi Municipal League; and the American Consulting Engineers Council; the State Director of the United States Department of Agriculture, Rural Development; and a manager of a rural water system. The manager of a rural water system is appointed by the Governor from a list of candidates provided by the Executive Director of the Mississippi Rural Water Association. Non-appointed members of the Board may designate another representative of their agency or association to serve as an alternate. The gubernatorial appointee serves a term concurrent with the Governor and until a successor is appointed.

The Fund does not have any full-time employees. MSDH provides employees to manage the program. The Board contracts with the Mississippi Department of Environmental Quality (MDEQ) to perform certain administrative duties of the Fund.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Basis of Accounting

The Fund presents its financial statements as a general fund and uses the modified accrual basis of accounting. Revenues are recognized when both "measurable and available". Measurable means the amount can be determined. Available means amounts collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related liability is incurred. The Fund applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable statements issued by the Financial Accounting Standards Board.

Loans Receivable and Due From Other Governments

The State operates the Fund as a direct loan program, whereby loans made to drinking water systems are 80.77% funded by the federal capitalization grant and 19.23% by the state matching amount. Loan funds are disbursed to the loan recipients upon receipt of a request from the loan recipient for the purposes of the loan. Interest is calculated from initial contract completion date. After the final disbursement has been made, the payment schedule identified in the loan agreement is adjusted for the actual amounts disbursed, plus interest accrued from initial contract completion date to initiation of repayment process.

Fund Balance

The unreserved fund balances represent the amount available for funding future operations. The reserved fund balances represent the amount that has been legally restricted to a specific purpose or that is not available for appropriation or expenditure. The Fund had the following reserved fund balances at year end:

Reserved for long-term portion of loans receivable - An account used to indicate the noncurrent portions of loans receivable that do not represent available expendable resources.

Reserved for long-term portion of loans due from other governments - An account used to indicate the noncurrent portions of loans due from governmental entities that do not represent available expendable resources.

Reserved for encumbrances - An account used to indicate that portions of the fund balances have been committed for future expenditures.

Budget Information

Under the Constitution of the State of Mississippi, money may only be drawn from the Treasury by a legal appropriation. The Fund operations are included in MSDH's annual budget.

3. EQUITY IN INTERNAL INVESTMENT POOL.

All monies of the Fund are deposited with the State Treasurer and are considered to be cash and cash equivalents. The Treasurer is responsible for maintaining the cash balances in accordance with state laws, and excess cash is invested in the State's cash and short-term investment pool. Details of the investments of the internal investment pool for state agencies can be obtained from the State Treasurer. As of June 30, 2007, the State's total pooled deposits and investments for state agencies were approximately \$3.0 billion, and the average remaining life of the securities invested was 2.8 years. The earnings for the total pooled investments for the year ended June 30, 2007, were approximately \$88.3 million.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

Equity in internal investment pool is cash equity with the Treasurer and consists of pooled deposits and investments carried at cost, which approximates fair value. At June 30, 2007, the Fund had approximately \$34 million in the Treasurer's internal investment pool. The total deposits and investments of the internal investment pool are categorized according to credit risk in the State of Mississippi's Comprehensive Annual Financial Report. However, the Fund's portion of the internal investment pool cannot be individually categorized because the deposits and investments are pooled with other state agencies.

4. LOANS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS AND CREDIT RISK.

The Fund makes loans to qualified drinking water systems for projects that meet the eligibility requirements of the SDWA. Loans are financed by capitalization grants, state match and revolving funds. Interest rates on loans vary between 1.95% to 4.5% and are generally repaid over 20 years, starting normally within one year after the project is completed. Details of loans receivable as of June 30, 2007, are discussed below.

In the event of a default on a loan obligation by a public entity, MSDH has certain legal remedies that provide for ultimate collection of amounts due. Management believes that no allowance for doubtful accounts is necessary because of the applicant review process.

Loans by Category

Loans receivable (including amounts due from other governments) at June 30, 2007, net of loan origination fees, as discussed below, are as follows:

Description	Loans Authorized	Authorized Amount Remaining	Loan Balance
Completed projects	\$ 97,053,792	\$	\$ 72,671,709
Projects in progress	<u>29,786,333</u>	<u>20,282,700</u>	<u>9,503,633</u>
Totals	\$ <u>126,840,125</u>	\$ <u>20,282,700</u>	82,175,342
Less amount due within one year on completed projects			<u>(3,458,508)</u>
Loans receivable and due from other governments, long-term			\$ <u>78,716,834</u>

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

Loans mature at various intervals through June 30, 2026. The scheduled principal payments on loans maturing in subsequent years are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
Completed projects:	
2008	\$ 3,458,508
2009	3,690,675
2010	3,729,430
2011	3,797,580
2012	3,845,409
Thereafter	54,150,107
Projects in progress	<u>9,503,633</u>
Total	<u>\$ 82,175,342</u>

Loan Administrative Fees

The Fund collects administrative fees from each loan recipient at 5% of the loan amount. These administrative fees are added to the loan amount as the loan principal to be repaid by the loan recipient. Financial Accounting Standards Board Statement No. 91, *Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Direct Initial Costs of Leases* (FASB 91), considers these fees to be origination fees and requires that loan origination fees be deferred and recognized over the life of the loan as an adjustment to the interest rate. FASB 91 also requires that the unamortized balance of such fees be reported as part of the loan to which it relates.

Details of the unamortized loan origination fees included in loans receivable and due from other governments at June 30, 2007, follow:

<u>Description</u>	<u>Unamortized Loan Origination Fees</u>
Completed projects	\$ 3,691,808
Projects in progress	<u>1,175,427</u>
Total	<u>\$ 4,867,235</u>

Amortization of loan origination fees on completed projects was \$319,694 for the year ended June 30, 2007, and is included in interest on loans on the Statement of Revenues, Expenditures and Changes in Fund Balance.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

Major Loans to Drinking Water Systems

As of June 30, 2007, the Fund had made loans to 19 drinking water systems that, in the aggregate, exceeded \$1,500,000. The outstanding balances of these loans represent approximately 61% of the total loans receivable, as follows:

<u>Local Agency</u>	<u>Authorized Loan Amount</u>	<u>Outstanding Balance</u>
Adams County Water Association	\$ 2,738,216	\$ 2,364,524
Bear Creek Water Association	8,689,174	6,778,481
City of Gautier	2,682,458	1,910,285
City of Hernando	1,599,753	1,329,250
City of Horn Lake	2,283,457	1,803,855
City of Long Beach	1,521,484	1,169,856
City of Magnolia	1,591,865	161,557
City of Ocean Springs	5,337,379	1,821,623
City of Olive Branch	4,850,117	4,263,381
City of Pascagoula	6,785,595	5,665,772
City of Southaven	5,438,090	4,611,805
City of Starkville	4,397,558	3,758,645
City of West Point	1,525,082	1,314,049
Collinsville Water Association	1,530,000	1,321,125
Corinth Utilities Commission	4,543,908	4,295,420
Fisher Ferry Water District	3,058,950	2,924,438
Lewisburg Water Association	1,948,907	1,740,351
Northeast Mississippi Regional Water Supply District	2,677,553	2,080,525
Pleasant Hill Water Association	1,935,359	791,031
	<u>\$ 65,134,905</u>	<u>\$ 50,105,973</u>

5. GRANT AWARDS.

The Fund is funded by Capitalization Grants from the EPA authorized by Section 1452 of the SDWA Amendments of 1996 and matching funds from the State. All federal funds drawn are recorded as grant awards from the EPA. As of June 30, 2007, the EPA has awarded capitalization grants of \$92,347,400 to the State, of which \$87,654,920 has been drawn for loans and administrative expenses. The State has provided matching funds of \$20,743,000 from four general obligation bond issues by the State. The proceeds from these bonds were deposited into the Fund for state matching. The following summarizes the capitalization grants awarded, amounts drawn on each grant and balances available for future loans:

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

Year	Grant Amount	Draws			Available June 30, 2007
		Through June 30, 2006	2007 Draws	Through June 30, 2007	
1997	\$ 16,474,200	\$ 16,474,200	\$ 0	\$ 16,474,200	\$ 0
1998	8,271,700	8,271,700		8,271,700	0
1999	8,669,500	8,669,500		8,669,500	0
2000	9,010,100	9,010,100		9,010,100	0
2001	9,047,400	9,047,400		9,047,400	0
2002	8,052,500	8,052,500	0	8,052,500	0
2003	8,004,100	8,004,100		8,004,100	0
2004	8,303,100	8,289,239	13,861	8,303,100	0
2005	8,285,500	4,485,797	3,449,859	7,935,656	349,844
2006	8,229,300	0	3,886,664	3,886,664	4,342,636
	<u>\$ 92,347,400</u>	<u>\$ 80,304,536</u>	7,350,384	<u>\$ 87,654,920</u>	4,692,480
Receivable, June 30, 2006			(1,005,806)		
Receivable, June 30, 2007			<u>1,411,729</u>		<u>(1,411,729)</u>
Grant revenues, modified accrual basis			<u>\$ 7,756,307</u>		
Amount available, modified accrual basis					<u>\$ 3,280,751</u>

As of June 30, 2006 and 2007, state matching contributions were as follows:

Description	Contributions Through June 30, 2006	Fiscal Year 2007 Contributions	Contributions Through June 30, 2007
State of Mississippi	<u>\$ 16,740,000</u>	<u>\$ 4,003,000</u>	<u>\$ 20,743,000</u>

6. CONTINGENCIES.

The Fund is exposed to various risks of loss related to torts, thefts of assets, errors or omissions, and injuries to state employees while performing Fund business, or acts of God. MSDH maintains insurance for some risks of loss. Risks of loss related to torts are administered by the Mississippi Tort Claims Board. Since its inception in 1996, there have not been any claims against the Fund.

STATE OF MISSISSIPPI
Department of Health
Drinking Water Improvements Revolving Loan Fund
Notes to Financial Statements
June 30, 2007

7. HURRICANE KATRINA LOAN FORBEARANCE.

On August 29, 2005, Hurricane Katrina swept through Mississippi causing widespread destruction, including that to water and sewer operations. Some loan fund projects in progress, as well as, future projects included in the Intended Use Plan were impacted. The current portion of Loans Receivable and Due from Other Governments and loan repayments due for future years may be delayed if sales tax diversions of impacted areas are placed in abeyance for a period of time or if water and sewer collections from impacted areas are insufficient to support loan repayment schedules. The Board has granted forbearance of loan repayment for up to three years to those water systems that have been impacted. In addition to a forbearance of loan repayments, the Board will not accrue interest on those loans during the forbearance period. For the fiscal year ended June 30, 2007, forbearance has reduced the amount of revenue to the Fund for interest on loans by \$256,322. Federal law requires repayment of loans over a 20 year period; however, any loan recipients who have requested and for which forbearance has been granted are considered to be disadvantaged communities and are eligible for up to an additional ten years of repayment period. As of the date of this report, three loan recipients have requested and been granted forbearance for 24 months. No other loan recipients have requested forbearance nor have the original loan recipients requested additional forbearance time.

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

The Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 24, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting of the Mississippi State Department of Health as it pertains to the administration of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board's financial statements as administered by the Mississippi State Department of Health are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Local Governments and Rural Water Systems Improvements Board, the Governor, Members of the Legislature and the United States Environmental Protection Agency and is not intended to be and should not be used by anyone other than the specified parties.


Windham and Lacey, PLLC
September 24, 2007

Windham and Lacey, PLLC

Certified Public Accountants

2708 Old Brandon Road
Pearl, MS 39208
(601)939-8676

Members:
American Institute of CPAs
Mississippi Society of CPAs

Independent Auditor's Report on Compliance with the Requirements Applicable to the Environmental Protection Agency's Capitalization Grants for Drinking Water State Revolving Funds in Accordance with *Government Auditing Standards*

The Local Governments and Rural
Water Systems Improvements Board
Mississippi State Department of Health

We have audited the financial statements of the Drinking Water Improvements Revolving Loan Fund (the Fund) of the Local Governments and Rural Water Systems Improvements Board, as administered by the Mississippi State Department of Health, an agency of the State of Mississippi, as of and for the year ended June 30, 2007, and have issued our report thereon dated September 24, 2007.

We have also audited the Fund's compliance with requirements governing:

- Activities allowed or unallowed,
- Allowable costs/cost principles,
- Cash management,
- State matching,
- Period of availability of federal funds and binding commitments,
- Procurement, suspension and debarment,
- Program income,
- Reporting,
- Subrecipient monitoring, and
- Special tests and provisions

that are applicable to the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2007. The management of the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board is responsible for the Fund's compliance with those requirements. Our responsibility is to express an opinion on those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Fund's compliance with those requirements.

In our opinion, the Fund complied, in all material respects, with the requirements governing activities allowed or unallowed; allowable costs/cost principles; cash management; state matching; period of availability of federal funds and binding commitments; procurement, suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to the Drinking Water Improvements Revolving Loan Fund of the Local Governments and Rural Water Systems Improvements Board for the year ended June 30, 2007.

This report is intended for the information and use of management of the Local Governments and Rural Water Systems Improvements Board, the Governor, Members of the Legislature and the United States Environmental Protection Agency and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in black ink, appearing to read "Windham and Lacey, PLLC". The signature is fluid and cursive, with the letters "W" and "L" being particularly prominent.

Windham and Lacey, PLLC
September 24, 2007